



DAVID E. JANSSEN  
Chief Administrative Officer

County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**  
713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101

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*014*

Board of Supervisors

GLORIA MOLINA  
First District

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Third District

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Fifth District

September 4, 2001

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**TEN YEAR LEASE  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
28490 AVENUE STANFORD, SANTA CLARITA  
(FIFTH) (3 VOTE)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and instruct the Mayor to sign the attached ten year lease with ICW Valencia L.P. (Lessor), for 32,743 rentable square feet of office space and up to 223 surface parking spaces for the Department of Children and Family Services (DCFS), at an initial annual maximum cost of \$868,354. Costs are 84 percent funded by State and Federal funds.
2. Authorize the Lessor and/or Director of the Internal Services Department (ISD) at the direction of the Chief Administrative Office (CAO), to acquire telephone systems for DCFS at a cost not to exceed \$490,500. At the discretion of the CAO, all or part of the telephone, data, and low voltage systems may be paid in a lump sum or financed over a five year term not to exceed \$120,192 per year in addition to other tenant improvement (TI) allowances provided under the lease.
3. Consider the Negative Declaration together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County, approve the Negative Declaration and find that the project will have no adverse effect on wildlife resources and authorize the CAO to complete and file a Certificate of Fee Exemption for the project.



The Honorable Board of Supervisors  
September 4, 2001  
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4. Approve the project and authorize the CAO, DCFS , and ISD to implement the project.  
The lease will be effective upon completion and acceptance of the improvements.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The proposed action will consolidate the DCFS Region VIII Family and Child Welfare and Start Taking Action Responsibly Today (START) programs comprising 166 positions into one leased facility. The 133 staff of Region VIII will relocate from 23502 Lyons Avenue, Santa Clarita, and occupy the subject facility with the 33 staff of a newly formed START unit.

Because of increasing floor plate deflection at the current facility, the Department of Public Works (DPW) recommended that the County relocate. On July 7, 2001, the CAO exercised the County's cancellation right, allowing the County to terminate the lease as of July 7, 2002. Although we expect to be in the new building by March 2002, the County will be responsible for the monthly rent of \$24,502.89 through the termination date, as well as for a termination payment of \$29,068.09, which is the cost of the unamortized portion of the additional TIs.

The project will relieve overcrowding at the current facility and provide efficient consolidation of subvention funded County programs in a leased facility central to the service area located at 28490 Avenue Stanford, Santa Clarita.

#### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs that we invest in public infrastructure in order to strengthen the County's fiscal capacity. The lease of property supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy 2, Objective 2). In this case we are consolidating operations and maximizing subvention by housing the programs in leased space as further outlined in Attachment A.

### **FISCAL IMPACT/FINANCING**

The annual cost of the lease will range from a fixed base rent of \$719,036 to a maximum of \$868,354, depending upon the total amount of reimbursable TI funds expended for the project.

Proposed Lease	28490 Avenue Stanford, Santa Clarita
Area	32,743 rentable square feet
Annual Base Rent*	\$719,036 (\$21.96/sq. ft.)
Term of lease	10 years
Option to Extend	Two options of 5 years each
Cancellation	After 60 months upon 120 days advance notice with reimbursement of unamortized TIs and Brokers commissions
Parking (Included in Base Rent)	223 spaces, may be reduced to 131 at a later date
TI Allowance (Included in Base Rent)	\$495,454 (\$34/sq. ft. for raw space and \$10/sq. ft. for improved space)
Maximum Additional TI Allowance**	\$982,290 (\$30/sq. ft.)
Maximum Annual Rent*	\$868,354 (\$26.52/sq. ft.)

\* The rate is on a modified full service basis; the County will pay for separately metered electricity estimated at \$2.15 per square foot per year.

\*\* \$982,290 represents the maximum amount of additional TI dollars available for the 32,743 square feet leased. That amount equates to \$149,319 or \$4.56 per square foot annually, amortized at 9 percent for ten years.

- Sufficient funding for the proposed lease is included in the 2001-02 Rent Expense Budget and will be charged back to DCFS. Sufficient funding is available in the 2001-02 DCFS Budget to cover the projected lease costs.
- The cost associated with the proposed lease will be 84 percent subvented by State and Federal funds and 16 percent net County cost.

The Honorable Board of Supervisors  
September 4, 2001  
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- The Base Rent will remain fixed for the ten year term.
- The cost of the telephone systems is in addition to the rent amounts shown above, and will not exceed \$490,500, and may be paid in a lump-sum or amortized over a five year term at an annual cost of \$120,192.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Region VIII Family and Child Welfare provides adoptions and child protection programs which consist of child assessment, case management, prevention, preservation, and permanency services throughout the adoption process to ensure the welfare of children.

The START program, staffed by a multi-disciplinary group of professionals from various agencies, provides intense and specialized case management services for at-risk dependent youths who exhibit pre-delinquent/delinquent behavior.

The proposed ten year lease provides approximately 32,743 rentable square feet of office space and a maximum of 223 surface parking spaces. The lease contains the following provisions:

- \$495,454 or \$15.13 per rentable square foot TI Allowance included in the base rental rate consisting of \$238,034 or \$34 per rentable square foot for raw space (7,001 sq. ft.), and \$257,420 or \$10.00 per rentable square foot for improved space (25,742 sq. ft.), for construction of the premises.
- A reimbursable additional TI Allowance of \$982,290, or \$30 per rentable square foot, for construction, furniture, security, telecommunications and data cabling, and related components. The actual amount used by the County will be amortized over the original ten year lease term at 9 percent interest or may be paid at any time during the term by the County as a lump sum.
- Commencement of the rent and the lease term will be upon completion and acceptance of the TIs.

The Honorable Board of Supervisors  
September 4, 2001  
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- Two options of five years each to renew the lease at 90 percent of fair market value as defined in the lease.
- County's right to cancel the lease after the 60<sup>th</sup> month of the lease term upon 120 days advance written notice. The County will reimburse the Lessor for the unamortized cost of the TIs and brokerage commissions paid by the Lessor.
- The lease is modified gross, excluding separately metered electricity. The Lessor will be responsible for all other operating and maintenance costs.
- All TI Allowance expenditures shall be approved in writing by the CAO. All construction shall be in compliance with Paragraph 25, "Tenant Improvements", and the Tenant Improvement Work Letter attached as Exhibit H, and referenced in Paragraph 25, Section A of the proposed lease.
- No County Project Manager or employee, including the CAO, is authorized to approve any expenditure not expressly pre-approved by the Board of Supervisors. The Board of Supervisors will not retroactively approve expenditures. Any unapproved expenditure by the Lessor, even if it benefits the County, shall not be recovered by the Lessor, who shall solely bear the risk of loss for incurring such liabilities as stated in Paragraph 30, of the proposed lease.

The proposed lease will provide a maximum of 223 surface parking spaces which may be reduced to a minimum of 131 in the event of construction of a new building within the project. The 131 space minimum will still provide sufficient parking for staff at this facility.

CAO Real Estate staff surveyed the Santa Clarita area specified by DCFS to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County owned and leased facilities within the search area for this program, and there are no County owned or leased facilities available for these programs.

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Based upon a survey of the market for similar properties in the specified area, staff has determined that the base range, including parking for similar properties, is between \$21.36 and \$24.24 per rentable square foot modified gross, excluding electricity. Thus, the base annual rent of \$21.96 for the proposed lease represents a rental rate at the low end of the range.

The proposed lease was submitted for review to the Board's appointed Real Estate Management Commission on July 11, 2001. After careful review, it was the Commission's decision to approve the proposed lease.

Because the facility was built in 1999, it is exempt from the DPW seismic inspection that is required on older buildings, and is suitable for County occupancy.

The need for an on-site child care facility was considered; however, the proposed building has no remaining available space to house a child care center.

#### **NEGATIVE DECLARATION / ENVIRONMENTAL IMPACT REPORT**

The CAO has made an initial study of environmental factors and has concluded that this project will have no significant impact on the environment and no adverse effect on wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Initial Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. No comments to the Negative Declaration were received. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

The Honorable Board of Supervisors  
September 4, 2001  
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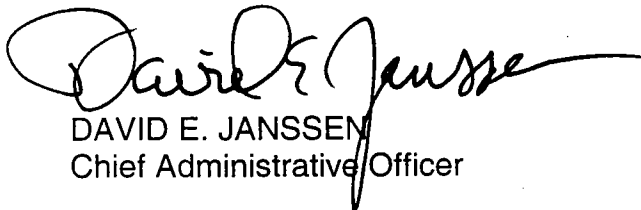
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

It is the finding of the CAO that the proposed lease is in the best interest of the County and will adequately provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DCFS concurs with this lease recommendation.

**CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed Lease and Agreement and the adopted, stamped Board letter, and two certified copies of the Minute Order to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, 4th floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:SNY  
CWW:MM:hd

Attachments (6)

c: County Counsel  
Auditor-Controller  
Department of Children and Family Services  
Internal Services Department

## ATTACHMENT A

DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
28490 AVENUE STANFORD, SANTA CLARITA

### Asset Management Principles Compliance Form<sup>1</sup>

	YES	NO	NA
<b>1. <u>Occupancy</u></b>			
A Does lease consolidate administrative functions? <sup>2</sup>			<u>X</u>
B Does lease co-locate with other Department functions to better serve clients? <sup>2</sup>	<u>X</u>		
C Does this lease centralize business support functions? <sup>2</sup>			<u>X</u>
D Does lease meet the guideline of 200 sf of space per person? <sup>2</sup> (1/197)	<u>X</u>		
<b>2. <u>Capital</u></b>			
A Should program be in leased space to maximize State/Federal funding?	<u>X</u>		
B If not, is this a long term County program?			<u>X</u>
C Is it a net County cost (NCC) program? List % NCC 16%		<u>X</u>	
D If yes to 2 B or C; capital lease or operating lease with an option ?			<u>X</u>
E If no, are there any suitable County owned facilities available?			<u>X</u>
F If yes, why is lease being recommended over occupancy in County owned space?			<u>X</u>
G Is Building Description Report attached as "Attachment B"? <sup>2</sup>	<u>X</u>		
H Was build to suit or capital project considered? <sup>1</sup> Size of requirement is not conducive to build-to-suit/capital project and the proposed building is available at a competitive market rate.		<u>X</u>	
<b>3. <u>Portfolio Management</u></b>			
A Did department utilize CAO Space Request Evaluation(SRE)? <sup>2</sup>	<u>X</u>		
B Was the space need justified?	<u>X</u>		
C If a renewal lease, was co-location with other County departments considered?			<u>X</u>
D Why was this program not co-located?			<u>X</u>
1. ___ The program clientele requires a "stand alone" facility.			
2. <u>X</u> No suitable County occupied properties in project area.			
3. ___ No County owned facilities available for the project			
4. ___ Could not get City clearance or approval			
5. <u>X</u> The Program is being co-located			
E Is lease a full service lease? <sup>2</sup> County pays for separately metered electricity.		<u>X</u>	
F Has growth projection been considered in space request?	<u>X</u>		
G Has the Dept. of Public Works completed seismic review/approval? Built 1999.			<u>X</u>

<sup>1</sup> As approved by the Board of Supervisors 11/17/98

Please **BOLD** any written responses

<sup>2</sup> If not, why not?



# ATTACHMENT B

## DEPARTMENT OF CHILDREN AND FAMILY SERVICES SPACES SEARCH 5 MILE RADIUS OF CIVIC CENTER, SANTA CLARITA

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS	SQUARE FEET NET	OWNER SHIP	SQUARE FEET AVAILABLE
0465	PCHS DT CTR-HONOR RANCHO ADMINISTRATION BLDG	29310 THE OLD RD. CASTAIC 91384	2171	1517	OWNED	NONE
0478	PCHS DT CTR-FIELD OFFICE / STORAGE BUILDING	29310 THE OLD RD. CASTAIC 91384	1870	1637	OWNED	NONE
3315	PCHS DT CTR-COUNSELING OFFICE	29310 THE OLD RD. CASTAIC 91384	480	414	OWNED	NONE
4504	PCHS DT CTR-NURSERY OFFICE	29310 THE OLD RD. CASTAIC 91384	1629	1230	OWNED	NONE
4792	PCHS DT CTR-MEDIUM SECURITY ADMINISTRATION	29310 THE OLD RD. CASTAIC 91384	25726	16719	OWNED	NONE
5541	PUBLIC LIBRARY-VALENCIA LIBRARY	23743 W VALENCIA BLVD, SANTA CLARITA 91355	24144	19245	OWNED	NONE
5542	SANTA CLARITA ADMINISTRATIVE CENTER	23757 W VALENCIA BLVD, SANTA CLARITA 91355	22767	20427	OWNED	NONE
5543	SANTA CLARITA COURTHOUSE	23747 W VALENCIA BLVD. SANTA CLARITA 91355	32950	17883	OWNED	NONE
A510	DCSS-SANTA CLARITA ADULT PROTECTIVE SERVICES	26705 BOUQUET CANYON RD, SANTA CLARITA 91354	288	270	PERMIT	NONE
A920	BOARD OF SUP-5TH DISTRICT FIELD OFFICE	23920 W VALENCIA BLVD. SANTA CLARITA 91355	1224	1026	LEASED	NONE

COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE

ORIGINAL FILED

MAY 21 2001

TEN-YEAR LEASE

LOS ANGELES, COUNTY CLERK

NEGATIVE DECLARATION

I. Location and Description of the Project

The proposed project is for the County of Los Angeles to lease facilities located at 28490 Avenue Stanford, Santa Clarita, California, which will be used by the Department of Children and Family Services for carrying out the functions of the Family and Child Welfare regional offices. The facilities, located in the Fifth Supervisorial District approximately 35 miles from the Los Angeles Civic Center, include 33,200 rentable square feet of office space, and the use of 226 off-street surface parking spaces. There will be no expansion of the existing privately-owned premises for this project.

II. Finding of No Significant Effect

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

III. Mitigation Measures

Mitigation measures for this project are discussed in Section V of the attached initial study.

001 95755

**INITIAL STUDY**  
**LOS ANGELES**  
**CHILDREN AND FAMILY SERVICES**

**I. Location and Description of Project**

The proposed leased premises at 28490 Avenue Stanford, Santa Clarita, are located in the Fifth Supervisorial District approximately 35 miles northwest of the Los Angeles Civic Center and immediately east of the Golden State (5) freeway. (See attached map)

The building to be used is approximately 2 years old, is privately owned and has been used for office purposes for 2 years. Located at the site are 544 off-street surface parking spaces provided for use in conjunction with the leased premises.

This project consists of leasing the facilities for ten years in which will be located the Department of Children and Family Services, Family and Child Welfare regional offices. It is anticipated that an average of 166 employees will be occupying the premises with the maximum employee occupancy anticipated to be Monday through Friday, 8:00 a.m. to 5:00 p.m. In addition to the employees, it is anticipated that an average of 20 members of the public per day will be visiting the facilities for purposes of applying for and receiving various services. No expansion of existing premises will occur for this project and no alterations, except for interior redecorating, will be performed for this project.

**II. Compatibility with General Plan**

This project site is identified as office in the Los Angeles Community Plans.

**III. Environmental Setting**

The project site is located in an area of office/R&D, light industrial and commercial type facilities. The site includes approximately 14.54 acres, improved with two buildings comprising 145,629 square feet of office space. The site is bordered by Newhall Ranch Road on the north and the east, The Golden State (5) freeway on the west, and Technology Drive on the south.

#### IV. Identification of Environmental Effects

- A. The impact of the proposed project on existing land forms will be negligible as no reshaping of the soil nor excavation nor foundations, utility lines, sewer lines or water lines will be necessary.
- B. The project will not conflict with adopted environmental plans and goals of the City of Santa Clarita.
- C. The project will not have a substantial demonstrable negative aesthetic effect on the proposed site. The existing facility will be continued to be maintained as part of the lease arrangement.
- D. No rare or endangered species of animal or plant of the habitat of the species will be affected by the project. Nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.
- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic. Nor will it affect the carrying capacity of the present street system. This is a continued use of an office/commercial facility for office purposes. The County's use is a substitution of previous uses made by private tenants.
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.

- L. The proposed developed project will not cause flooding, erosion or siltation.
- M. The project will not expose people or structures to major geologic hazards.
- N. The project will not expand a sewer trunk line. All necessary utilities are available currently to the facility.
- O. No increased energy consumption is anticipated by the County's use of the premises.
- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

V. Discussions of Ways to Mitigate Significant Effects

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

- A. None required.

VI. Initial Study Preparation

This study was prepared by the Los Angeles County Chief Administrative Office, Real Estate Division, Departmental Contact: Manuel Martinez (213) 974-4162. This study was completed on May 21, 2001.

## NEGATIVE DECLARATION

Department Name: Children and Family services  
Project: Santa Clarita Consolidation

Pursuant to Section 15072, California Environmental Quality Act and California Administrative Code Title 14, Division 6

1. Description of Project  
Regional Office for Family and Child Welfare prorams.

2. a. Location of Project (plot plan attached)  
28490 Avenue Stanford, Santa Clarita, CA, 91355

- b. Name of Project Proponent

County of Los Angeles  
Chief Administrative Office  
Real Estate Division  
222 South Hill Street, 4th Floor  
Los Angeles, CA 90012

3. Finding for Negative Declaration

It has been determined that this project will not have a significant effect on the environment based on information shown in the attached Environmental Information Form dated May 21, 2001 which constitutes the Initial Study of this project.

4. Initial Study

An Initial Study leading to this Negative Declaration has been prepared by the Chief Administrative Office, Real Estate Division and is attached hereto.

5. Mitigation Measures Included in Project

None required.

Date  
5/21/01

Real Property Agent  
Manuel Martinez

Telephone  
(213) 974-4162

DATE POSTED - MAY 21, 2001

NOTICE OF PREPARATION OF NEGATIVE DECLARATION

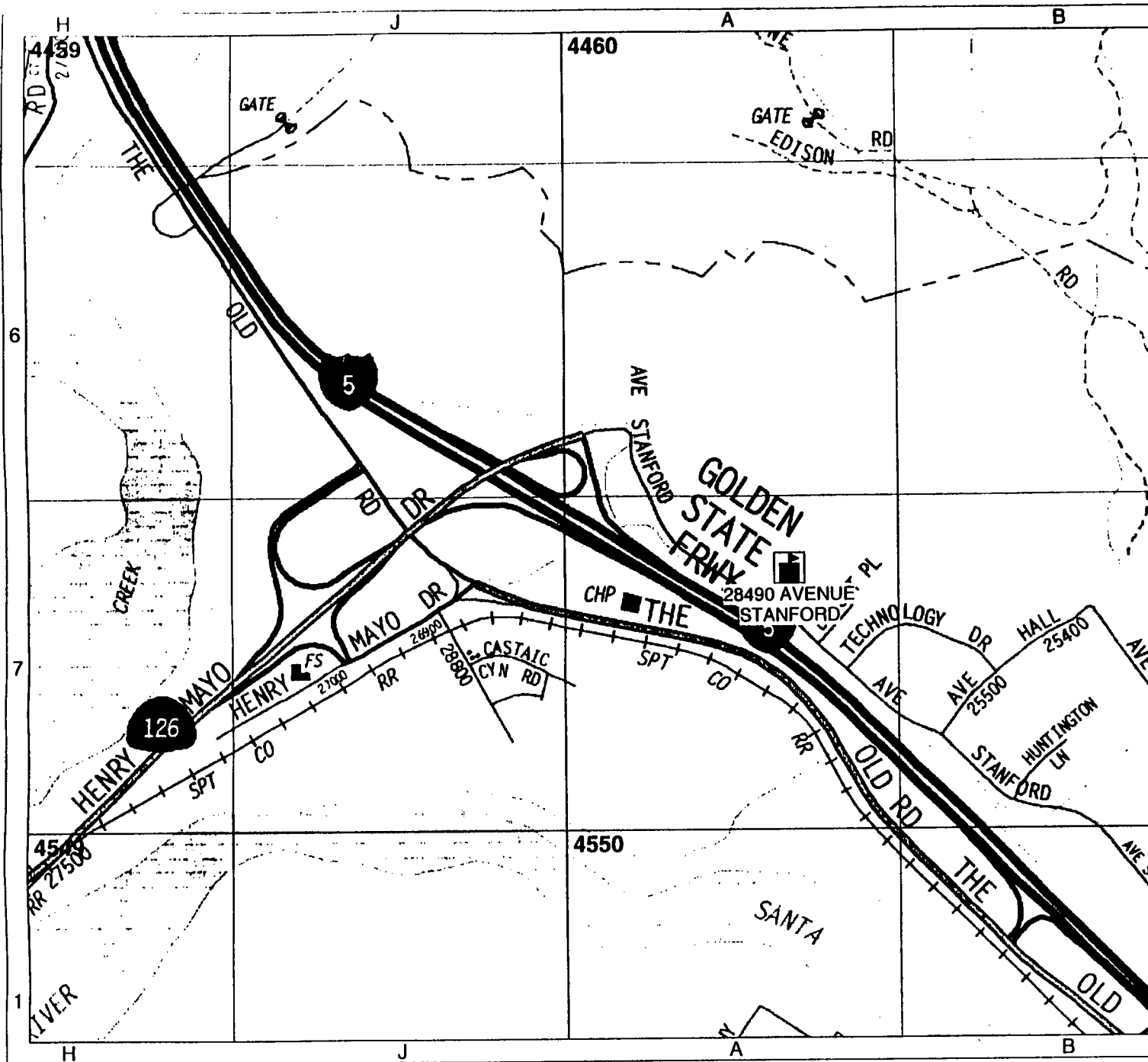
This notice is provided as required by the California Environmental  
quality Act and California Administrative Code Title 14 Division 6,  
Section 15072 (a) (2) B.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

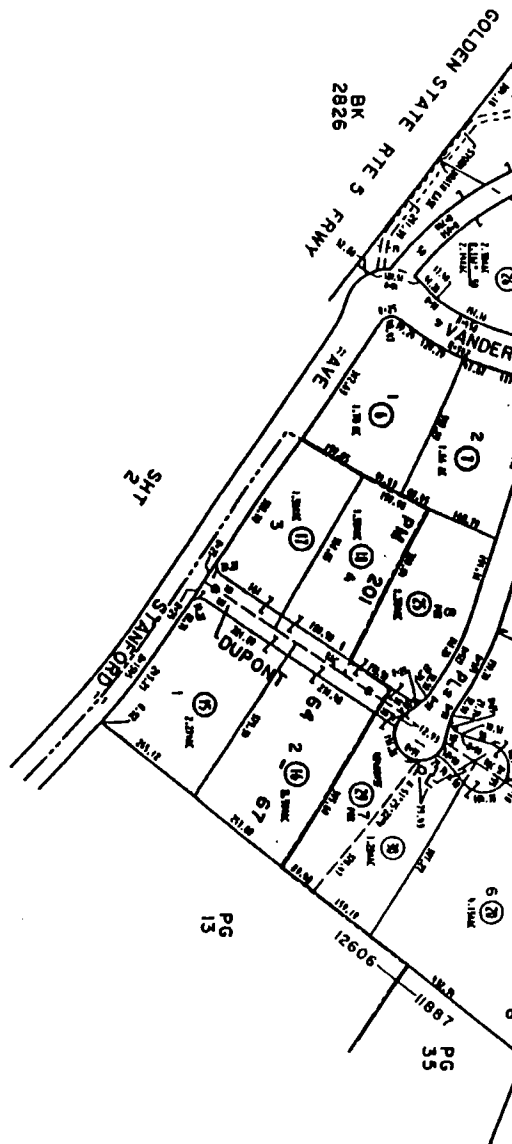
- [illegible]

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2., above, and referring to the proposal by name or to the facility by address.

Si necesita informacion en espanol, por favor de comunicarse con el agente designado, para asistencia en obtener una traduccion.







Lease:  
Department: Children and Family Services  
Lessor: ICW Valencia, L.P.

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COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE  
LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into in duplicate original this \_\_\_\_ day of \_\_\_\_\_, 2001, by and between ICW VALENCIA, L.P., hereinafter referred to as the Lessor, and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as the Lessee,

WITNESSETH:

1. **DESCRIPTION OF PREMISES:**

The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, those certain premises located at 28490 Avenue Stanford, Santa Clarita, in the County of Los Angeles, State of California (the "Building") more particularly described as follows: a portion of the first floor and all of the second floor of the Building (the "Premises"). The Premises shall consist of approximately 6,057 (first floor) and 26,686 (second floor) rentable square feet. Lessor represents that 32,743 rentable square feet is the maximum amount of square footage within the Premises, and that at no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above. Lessee shall have the exclusive right within ninety (90) days of approval by the Board of Supervisors to field-measure and verify the exact square footage of the lease premises. All measurements to be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association (BOMA) International. Should this measurement be less than the square footage stated above, Lessee shall have the exclusive right to adjust said square footage and reduce the rent in Paragraph 3 accomplished by the mutual execution of a Memorandum of Understanding between the Lessor and the Lessee. Lessor acknowledges that it has marketed the space at the above indicated amount and in the event of subsequent physical measurements, Lessor agrees there will be no adjustment made to either the square footage or the rent in the event the measured square footage exceeds the amount represented by the Lessor.

2. **TERM:**

a. **Original Term**

The term of this Lease shall be for a period of (10) years beginning upon completion of improvements by Lessor evidenced by the issuance of a Certificate of Occupancy (or a Temporary Certificate of Occupancy), or a final sign-off, if applicable) by the City of Santa Clarita, pursuant to Paragraph 25 and acceptance thereof by the Lessee, but in no event later than December 31, 2001, and ending ten (10) years thereafter. Notwithstanding the prior commencement of the Lease term, the rent shall not be due and owing until said Lessee accepts the improvements to be performed by Lessor, which acceptance shall not be unreasonably withheld. Should there be any delays beyond the control of the Lessor, then the Lease commencement date may be adjusted accordingly upon the mutual consent of Lessee and Lessor. Said acceptance and commencement of rent shall not occur any earlier than thirty (30) days after completion of construction of the telephone intrabuilding network cable (INC) if applicable, and the telephone equipment room, including permanent power and HVAC, in compliance with the attached plans and specifications referenced as Exhibit "A". Additionally, said acceptance and commencement of rent shall not occur any earlier than 15 days after receiving a notice from Lessor indicating that all tenant

improvements required have been completed in compliance with the attached plans and specifications (Exhibit "A") and the space is ready for beneficial occupancy. In the event Lessee conducts a walkthrough and it is determined by Lessee, at Lessee's sole discretion, that the tenant improvements have not been completed, or the space is not ready for Lessee's occupancy, then, Lessee shall not be obligated to commence the rent per Paragraph 3 herein until actual beneficial occupancy. Additionally, Lessor shall be required to provide Lessee with another notice, and Lessee shall not accept the space any sooner than fifteen (15) days from the date of the second notice. The process may be repeated until the tenant improvements are completed and the space is ready for Lessee's occupancy. Lessee shall not unreasonably withhold its approval. Lessee hereby agrees to make timely inspections and to make timely notices of its approval or disapproval of said work. Lessor and Lessee shall promptly execute the "Memorandum of Commencement Date" attached hereto as Exhibit "C" following commencement of the Lease term subject to any remaining minor punch-list items. The Chief Administrative Officer, is hereby authorized to sign on behalf of Lessee.

**b. Options to Renew:**

Lessee shall have two (2) options to renew this lease for periods of five (5) years each under the same terms and conditions as contained herein, except that the rental rate will be adjusted as provided below. Lessee, by Chief Administrative Office letter, shall notify Lessor in writing not less than ninety (90) days prior to expiration of the Lease term of Lessee's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors of the County of Los Angeles.

Time is of the essence with respect to Lessee's exercise of either option to extend. Lessee shall not have the right to exercise the option to extend, notwithstanding anything set forth above to the contrary during any period of time commencing from the date Lessor gives to Lessee a written notice that Lessee is in default under any provision of this Lease and continuing until the default alleged in said notice is cured. If Lessee exercises an option to extend, then the rent for the first year of the extension term associated with such option to extend shall adjust to an amount equal to ninety percent (90%) of the Fair Market Rental Rate in effect as of the commencement of such extension term. The term "Fair Market Rental Rate" shall mean the annual amount per rentable square foot that a willing, comparable Lessee would pay and a willing Lessor would accept at arm's length, for a new five-year lease (for non-renewal and non-expansion space, unless the renewals of expansion space are pursuant to a comparable definition of Fair Market Rental Rate) for delivery on or about the applicable delivery or effective date, for comparable non-sublease, non-encumbered, non-renewal space ("Comparable Space") in the Explorer Business Center project, the projects commonly known as Town Center and Tourney Pointe or other comparable space within the greater Santa Clarita Valley, similarly improved, giving appropriate consideration to annual rental rates per rentable square foot, the type of escalation clauses (including, but without limitation, operating expense, real estate tax allowance, or base year rental adjustments), rental abatement or free rent concessions, if any, brokerage commissions, the length of the Lease term, size and location of the premises being leased (including the floor level), quality and location of project, building standard work letter and/or Lessee improvement allowance, if any, the extent of services to be provided to the premises, the date as of which the Fair Market Rental Rate is to become effective, and other generally applicable terms and conditions of tenancy for comparable sized space.

**3. RENT:**

The Lessee hereby agrees to pay as rent for said demised Premises during the

  
INITIAL

term the sum of fifty-nine thousand nine-hundred nineteen and 69/100 dollars (\$59,919.69) per month, i.e., \$1.83 per rentable square foot per month, payable in advance by Auditor's General Warrant. Rental payments shall be payable within fifteen days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month. Failure of Lessor to timely submit such notice shall not be deemed a waiver of Lessee's obligation to pay such rental payment.

4. **USE:**

Lessor agrees that the demised Premises together with all appurtenances thereto belonging or in any wise appertaining, shall be used by the Lessee as general office space for the Department of Children and Family Services and for other governmental purposes or lawful purposes during normal working hours, after normal working hours, and on weekends and holidays as Lessee may desire, so long as the use is consistent and compatible with the other tenancies within the building. Lessee shall have a non-exclusive right to utilize the Project's existing cafeteria, fitness center and locker facilities located within the Building.

5. **CANCELLATION:**

Lessee shall have the right to cancel this Lease at or any time after the sixtieth (60th) month of the Lease term by giving Lessor not less than one-hundred twenty (120) days advance written notice by Chief Administrative Office letter.

Lessee may only exercise such right to terminate by timely delivering by certified mail return receipt requested to Lessor: (i) written notice of Lessee's election to terminate the Lease as of a date no earlier than one hundred twenty (120) days after Lessor's receipt of such notice, and (ii) a cash payment ("Cancellation Payment"), made no later than one hundred twenty (120) days after the Lessor's receipt of such notice, equal to the sum of (a) an amount equal to the unamortized cost (on a straight line basis over the original Lease term) of the Lessee improvement allowance above the "Base Improvement Allowance" paid or incurred by Lessor in connection with this Lease, plus (b) the unamortized cost (on a straight line basis over the initial Lease Term) of all leasing commissions paid by Lessor in connection with this Lease.

6. **HOLDOVER:**

In case Lessee holds over beyond the end of the term provided with the consent express or implied of Lessor, such tenancy shall be for two (2) month periods only, subject to the terms and conditions of this Lease, but shall not be a renewal hereof, and the rent shall be at the rate prevailing under the terms of this Lease. Either party may during the holdover cancel this Lease by giving the other party not less than sixty (60) days prior written notice.

7. **DAMAGE OR DESTRUCTION:**

Lessor agrees that should the demised Premises be damaged by fire, incidents of war, earthquake, or other elements as to render them reasonably unfit for Lessee's occupancy, as determined by Lessee's sole discretion, then this Lease shall be terminated immediately upon the happening of any such event whereupon Lessee shall surrender the Premises and shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

If the Premises are totally or partially destroyed during the Lease term, rendering the Premises totally or partially inaccessible or unusable, then, subject to the remainder of this Paragraph, (i) Lessor shall restore the Premises to substantially the same condition as it was in immediately before such destruction, (ii) excepting

the modular furniture. Lessor shall not be required to restore Lessee's alterations or Lessee's personal property, unless they are specifically covered by insurance proceeds received by Lessor, such excluded items being the sole responsibility of Lessee to restore, (iii) such destruction shall not terminate this Lease, and (iv) all obligations of Lessee under this Lease shall remain in effect, except that the rent shall be abated or reduced as provided below. Notwithstanding anything to the contrary in this Lease, Lessor or Lessee may, at its election, terminate this Lease by so notifying the other party in writing on or before the later of 60 days after such destruction or 120 days after Lessor's receipt of the proceeds from insurance maintained by Lessor, if (A) then-existing laws do not permit such restoration, (B) such destruction exceeds twenty-five percent (25%) of the then-replacement value of the Premises or the Building, or (C) Lessor determines that the cost of such restoration exceeds the amount of insurance proceeds relating to such destruction actually received by Lessor from insurance maintained by Lessor. Either Lessor or Lessee may terminate this Lease if such destruction occurs during the last year of the Term. If Lessor or Lessee terminates this Lease as provided above, then (1) Lessor shall have no obligation to restore the Premises, (2) Lessor shall retain all insurance proceeds relating to such destruction, and (3) this Lease shall terminate as of 30 days after such notice of termination from Lessor to Lessee. Lessee waives the provisions of California Civil Code Sections 1932(2) and 1933(4) or any successor statute with respect to any destruction of the Premises.

Notwithstanding the above, in the event of any such cause which results in damage to more than twenty-five percent (25%) of the net usable area of the improvement Premises, then Lessee shall have the right at its sole discretion to surrender the Premises and not be obligated for any further rental under this Lease.

Commencement of the repair and restoration under either of the aforementioned conditions shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the repair and restoration. If Lessor should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Lessee may give Lessor fifteen (15) working days prior written notice and thereafter perform or cause to be performed the restoration work and deduct the cost thereof from the installments of rent next due as a charge against the Lessor.

Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made effective on the date of such destruction. The proportionate reduction is to be based upon the proportion that the amount of rentable square feet within the Premises rendered unusable to Lessee bears to the whole rentable thereof. Lessee shall not be entitled to an abatement of rent pursuant to this provision when the damage to the Premises is the result of negligence or intentional acts of Lessee's employees.

**8. TENANT'S FIXTURES:**

Lessor agrees that the Lessee may remove, at its own expense, during or at the expiration or other termination of the term of this Lease, or any extension or holdover period thereof, as the case may be, all fixtures, modular furniture, equipment and all other personal property placed or installed in or upon the demised Premises by the Lessee, or under its authority, but excluding any tenant improvements paid for through any tenant improvement allowance or change order allowance given to Lessee by Lessor excluding that written above. Such tenant improvements shall become the property of Lessor and remain upon the Premises upon the expiration or earlier termination of this Lease.

**9. REPAIR, MAINTENANCE AND REPLACEMENT:**

**a. This Lease is a modified gross lease:**

Therefore, Lessor agrees to repair, maintain and replace as necessary at

Lessor's own expense the entire interior and exterior of the Premises. Lessor's responsibility shall include, but not be limited to lamps and tubes, exposed plumbing, fire sprinklers, if applicable, windows, window coverings, fire extinguishers, floor coverings, the sewer system, the grounds, parking spaces whether surface or structured parking (including resurfacing, restriping, landscaping, sweeping and provision of adequate lighting, as applicable), and the basic structure. Basic structure is agreed to include all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, elevators (including elevator hydraulic system, and casing for elevator ram), stairways, concealed electrical systems, telephone intrabuilding network cable (INC), and heating, ventilating and air conditioning system and fire sprinklers, if applicable. As part of Lessor's responsibilities for maintaining the Premises, Lessor shall provide for (1) furnishing and maintaining sewer services and trash removal, and (2) janitorial supplies (including restroom supplies) and janitorial services in accordance with the schedule attached to this Lease as Exhibit "B".

**b. Failure to Repair:**

In the event Lessor should fail, neglect or refuse to commence the repair, replacement or maintenance work required by Paragraph 9A herein within fifteen (15) days after written notice has been served by Lessee, or fail, neglect or refuse to pursue said replacement or maintenance work with reasonable diligence to completion, the Lessee at its sole discretion may perform or cause to be performed said repair, replacement or maintenance work and deduct the reasonable cost thereof from the installments of rent next due as a charge to the Lessor, or the Lessee at its sole discretion may surrender the Premises and shall not be liable for any further rental under this Lease and Agreement.

**c. Return of Premises:**

Lessee agrees to return said Premises to Lessor in as good condition as when rented, ordinary wear and tear, damage by earthquake, fire or the elements and other disaster or casualty excepted.

**d. Replacement:**

In the event that items specified in Paragraph 9A wear out or fail or are damaged by earthquake, fire or the elements, and/or other public disaster or casualty, the Lessor shall replace said items at its own expense, subject to the provisions of Paragraph 7.

**e.** The following provision shall apply only in the event of an emergency: in the event of an emergency, which shall include, but not limited to electrical or mechanical system failures or threats to life or safety, Lessee shall have the right to perform said repairs if Lessor fails to commence to perform said repairs within twenty-four (24) hours following receipt of oral notice (which shall be confirmed in writing) or written notice from Lessee, unless the repairs involve any structural aspect of the Premises, in which case Lessee shall give Lessor forty-eight (48) hours advance oral notice (which shall be confirmed in writing). Additionally, Lessee shall not be obligated to provide to Lessor an estimate of the cost of said emergency repairs prior to completion by Lessee.

**f.** Upon mutual agreement in the determination of the cause and financial responsibility for repair and maintenance, Lessor shall perform repair and maintenance necessitated by the negligence and intentional acts or omissions of Lessee and Lessee's agents, employees, representatives or invitees, subject to the reimbursement of the reasonable cost of such repair and maintenance by Lessee. Upon performing repair and maintenance for which the Lessee is responsible to pay under this section, Lessor shall provide Lessee with a written request for reimbursement, together with copies of invoices and other supporting information ("Reimbursement

Request"). The amount set forth in the Reimbursement Request shall reflect the reasonable cost of performing such work. Subject to the Lessee's approval of the amount set forth in the Reimbursement Request, which shall not be unreasonably withheld or delayed, the Lessee shall pay such requested amount within 30 days.

10. **UTILITIES:**

Lessor agrees to pay when due all charges for the use of the sewer, effluent treatment, when and if imposed by any Governmental authority, all water, sprinkler standby charges, gas, lighting, heating, and power and other utility rents and charges accruing or payable in connection with the demised Premises during the term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters.

In the event Lessor fails or refuses to pay any or all of the charges when due, Lessee may give Lessor ten (10) calendar days prior written notice and thereafter pay directly such charges and deduct the payments from the installments of rent next due as a charge against the Lessor, or the Lessee at its sole discretion may surrender the Premises and shall not be liable for any further rental under this Lease and Agreement.

Lessee agrees to pay when due all charges for the use of all electricity used or consumed at the demised Premises during the term of this Lease or any renewal, extension, or holdover thereof. Electricity shall be separately metered. Lessee shall not exceed the rated capacity of the Building's electrical and other utility systems. In the event of any damage or overloading to any of the Building's systems caused by Lessee's use thereof in excess of ordinary and customary usage for an office, Lessee shall be responsible for all costs and expenses incurred by Lessor as a result of such over-use. Lessee agrees that Lessor shall not be liable for damages in the event of any interruption of utilities to the Premises, except that Lessee shall be entitled to an equitable abatement of rent for the period of such failure, delay, or diminution which continues for more than two (2) business days. Lessor shall not be liable under any circumstances for a loss of or injury to property or for injury to or interference with Lessee's business, including loss of profits through, in connection with, or incidental to a failure to furnish any of the utilities or services under this Paragraph. Notwithstanding the foregoing, Lessor agrees to use reasonable efforts to promptly correct any such interruption of utilities or services.

11. **LESSOR'S ACCESS:**

Lessee agrees to permit the Lessor or Lessor's authorized agents free access to the demised Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs.

12. **DEFAULT**

a. **Default by Lessee:**

Lessee agrees that if default shall be made in the payment of rent in the manner herein provided or in any of the covenants or agreements herein contained on the part of the Lessee to be kept and performed which constitute a material breach of the Lease, it shall be lawful for the Lessor to declare said term ended and to terminate this Lease upon the giving of thirty (30) days written notice. In addition thereto, Lessor shall have such other rights or remedies as may be provided by law. Lessor may not terminate the Lease if (1) Lessee cures the default within the thirty (30) day period after the notice is given, or (2) the default cannot reasonably be cured within the thirty (30) days after notice is given, but Lessee reasonably commences to cure the default within the thirty (30) days period and diligently and in good faith continues to cure the default.





**b. Default by Lessor:**

Lessor shall not be in default in the performance of any obligation required to be performed under this Lease unless Lessor has failed to perform such obligation within thirty (30) days after the receipt of written notice of default from Lessee specifying in detail Lessor's failure to perform. Lessee may terminate this Lease upon Lessor's default of any material obligation upon giving of thirty (30) days written notice of termination. In addition thereto, Lessee shall have such other rights or remedies as may be provided by law. Lessee may not terminate the Lease if (1) Lessor performs and meets the obligation within the thirty (30) day period after notice of default is given, or (2) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but Lessor reasonably commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default.

Lessee shall not exercise any of its rights under this Paragraph, other than its rights to give notice, until Lessee gives notice to any person who has requested in writing notice of Lessor's default, and has specified that person's interest in the Lease. The notice to such person shall be for the same period of time as that to which Lessor is entitled. Such person shall have the right to cure the default within the same period of time, after notice, to which Lessor would be entitled.

If Lessor or such person does not cure the default, Lessee may exercise any of its rights or remedies provided for or permitted in this Lease or pursuant to law, including the right to recover any damages proximately caused by the default.

If Lessee is permitted to cure the default under the terms of this Lease, and elects to do so, then Lessee shall be entitled to reimbursement for all of its costs incurred, as well as to recovery for all damages proximately caused to it because of the default.

**c. Request for Notice of Default**

Lessor shall obtain prior to the Lessee's occupancy of the Premises, a Request for Notice of Default, in a recordable form, executed and acknowledged by Lessor, requesting that the County be notified of any Notice of Default filed by any of Lessor's lenders, to the address of County as specified in Section 15 of this lease.

**d. Receipt of Notice**

Notwithstanding anything in Paragraph 15 herein to the contrary, receipt of notice under this Paragraph shall be conclusively presumed to have occurred on the earliest of the date of personal delivery to Lessor or to Lessor's agent or employee at Lessor's place of business, or to a resident over eighteen (18) years of age at Lessor's residence.

- i. The date of delivery shown upon the United States Postal Service's return receipt for certified or registered mail.
- ii. Ten (10) days after deposit of notice to the address stipulated in Paragraph 15, sent by first class mail with the United States Postal Service, provided prior or concurrent notice has been attempted pursuant to Paragraph 15, but delivery has been refused or the notice otherwise returned without delivery.

**13. ASSIGNMENT SUBLETTING:**

Lessee shall have the right to assign this lease or sub-lease the Premises so long as the intended use is consistent and compatible with the other tenancies within the building and upon the condition that the assignee or sub-lessee expressly assumes

and agrees in writing to pay the rent and to perform each and every covenant and agreement in this lease required by Lessee to be paid or to be performed. Lessee agrees to notify Lessor of any change in tenancy. After any assignment of the Lease or sub-lease of the entirety of the Premises for the balance of the term by the Lessee originally named in the Lease, such successor Lessee shall not assign (which shall include an indirect assignment due to change in control of such successor Lessee) or sub-lease any portion of the Premises without the Lessor's prior written consent, which shall not be unreasonably withheld or denied.

14. **ALTERATIONS:**

Lessee shall not make any improvements, additions, installations, or changes of any nature in or to the Premises (any of the preceding, "Alterations") unless Lessee obtains Lessor's prior written consent which will not be unreasonably withheld or denied, except that Lessee may, upon prior written notice to Lessor, make non-structural improvements costing no more than \$20,000 in any 12-month period without Lessor's consent. Should there be no response within thirty (30) days the request is deemed approved. "Structural" alterations shall be any modification to the improvements which results in a change in the structural integrity of the improvements or alters the gross cubic area of the improvements.

Any alterations installed by Lessee which are "trade fixtures" as such are defined by the law of eminent domain shall be treated as tenant's fixtures in accordance with the provisions of this Lease.

15. **NOTICES:**

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service. Any such notice and the envelope containing the same shall be addressed to the Lessor as follows:

ICW Valencia, L.P.  
c/o American Assets, Inc.  
11455 El Camino Real, Suite 200,  
San Diego, CA 92130

or such other place as may hereinafter be designated in writing by the Lessor except that Lessor shall at all times maintain a mailing address in California. The notices and envelopes containing the same shall be addressed to the Lessee as follows:

Board of Supervisors  
Kenneth Hahn Hall of Administration, Room 383  
500 West Temple Street  
Los Angeles, CA 90012

with a copy to:

Chief Administrative Office, Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, CA 90012  
Attention: Director of Real Estate

16. **CONDEMNATION:**

If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation") any award for the taking of all or any part of the Premises shall be the property of the Lessor, to the extent it is compensation for the taking of the fee

or as severance damages. Lessee shall be entitled to that portion of the award, if any, attributable to Lessee's trade fixtures and improvements and for the bonus value of Lessee's leasehold. "Trade fixtures" are agreed to include any tenant improvements installed at the Lessee's request to the extent that Lessee has reimbursed Lessor for such tenant improvements in a lump sum or through amortization included in the rent payments. This Lease shall remain in full force and effect as to the portion of the Premises remaining except that the rent shall be reduced in the proportion that the area taken bears to the total leased Premises.

In the event of a partial taking of the structure, Lessor shall use the proceeds of the condemnation received by Lessor to restore the Premises to a complete architectural unit of a quality, appearance and functional utility at least consistent with the structure as it existed prior to the taking. Rent shall abate for such time and for such area as reconstruction is required and areas are not secure, weather-tight, and usable as office space. Failure of Lessor to commence such restoration within thirty (30) days of the actual physical taking of a portion of the structure shall be grounds for Lessee to cancel this Lease by giving Lessor fifteen (15) days advance written notice of such cancellation, or Lessee, in its discretion, may elect to undertake directly the restoration and deduct the costs thereof from the installments of rent next payable to the Lessor. Commencement under the aforementioned condition shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the restoration.

Within fifteen (15) days of receipt of the offer to acquire the property pursuant to Section 7267.2 of the Government Code or, within fifteen (15) days of the date landlord receives notice of the RESOLUTION of NECESSITY to condemn property, whichever is earlier, Lessor shall notify Lessee in writing (1) of condemnation proceeding and (2) physical extent of the Premises that will be affected by the proposed taking.

If more than ten percent (10%) of the floor area of the improvements on the Premises, or more than twenty-five percent (25%) of the land area of the Premises, which is not occupied by any improvements, is taken by condemnation, Lessee may cancel this Lease. The parties agree that Lessor and Lessee shall each receive independently their relocation assistance.

In the event of a partial taking of the parking area, Lessor shall use his best effort to provide Lessee alternate parking within the Project of which the Building is a part. Lessee may at its sole discretion negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

Notwithstanding the above, failure of the Lessor to provide a minimum of 131 parking spaces or four (4) spaces per 1,000 square feet or rentable area within the Premises (minimum parking) at all times shall entitle Lessee to cancel this Lease by giving Lessor fifteen (15) days' advance written notice of such cancellation.

17. **INDEMNIFICATION AND INSURANCE REQUIREMENTS:**

During the term of this Lease, the following indemnification and insurance requirements shall be in effect.

a. **Indemnification:**

Lessor shall indemnify, defend and hold harmless Lessee, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Lessor's ownership, repair, maintenance and other acts and/or omissions arising from and/or relating to the Premises.

Lessee shall indemnify, defend and hold harmless Lessor, from and against

any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees arising from or connected with Lessee's use of the Premises.

**b. Waiver:**

Both the Lessee and Lessor each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

**c. General Insurance - Lessor Requirements:**

Without limiting Lessor's indemnification of Lessee and during the term of this Lease, Lessor shall provide and maintain the programs of insurance set forth in Paragraph 17. D., Insurance Coverage Types and Limits - Lessor Requirements. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by Lessee, and such coverage shall be provided and maintained at Lessor's own expense.

**i. Evidence of Insurance.**

Certificate(s) or other evidence of coverage satisfactory to Lessee shall be delivered to the Chief Administrative Office, Real Estate Division, 222 S. Hill Street, 4<sup>th</sup> floor, Los Angeles, CA 90012 Attn: Director of Real Estate upon execution of this Lease. Such certificates or other evidence shall:

- a. Specifically identify this Lease.
- b. Clearly evidence all coverages required in this Lease
- c. Contain the express condition that Lessee is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance.
- d. Include copies of the additional insured endorsement (ISO form CG 20 26) to the commercial general liability policy, adding the Lessee as an additional insured.
- e. identify any deductibles or self-insured retentions exceeding \$25,000.

**ii. Review of Insurance Requirements:**

The types of insurance and limits required under this Lease shall be reviewed annually by the Lessor or its representative. Coverage types and limits shall reflect the prevailing practice in the Los Angeles metropolitan area for insuring similar property and casualty risks, and be subject to Lessee's approval. Insurance is to be provided by an insurance company acceptable to Lessee with an A.M. Best rating of not less than A:VII, unless otherwise approved by Lessee.

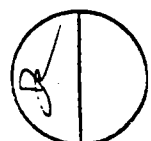
**d. Failure to Maintain Coverage**

Failure by Lessor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to Lessee shall constitute a material breach of the Lease pursuant to Paragraph 12. B., Default by Lessor. Alternatively, at its sole option, Lessee may purchase such required insurance coverage, and without further notice to Lessor, deduct any premium costs advanced by Lessee for such insurance from any rental payments next due to Lessor.

**i. Insurance Coverage Types and Limits - Lessor Requirements:**

General Liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate:	\$ 5 million
Products/Complete Operations Aggregate:	\$ 5 million



Personal and Advertising Injury:	\$ 5 million
Each Occurrence:	\$ 5 million

ii. **Commercial Property insurance. Such insurance shall:**

- a. Cover damage to Lessor's property, including improvements and betterments, from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30), and include Ordinance or Law coverage.
- b. Be written for the full replacement cost of the property, with a deductible of no greater than 5% of the property value. Insurance proceeds shall be payable to the Lessor and the Lessee as their interests may appear and be utilized for repair and restoration of the Premises. Failure by Lessor to use such insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease pursuant to Paragraph 12B, Default by Lessor.
- c. Include a Waiver of Subrogation in favor of Lessee.

e. **General Insurance - Lessee Requirements:**

During the term of this Lease, Lessee shall maintain a program of insurance coverage as described below. Lessee, at its sole option, shall use commercial insurance and/or self-insurance coverage or any combination thereof to satisfy these requirements. Certificate(s) evidencing coverage will be provided to Lessor after execution of this Lease at Lessor's request.

f. **Insurance Coverage Types and Limits - Lessee Requirements:**

- i. General Liability coverage (equivalent to ISO policy form CG 00 01) with limits of not less than the following:

General Aggregate:	\$ 2 million
Products/Completed	
Operations Aggregate:	\$ 1 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

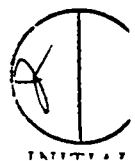
Lessor shall be an Additional Insured (or its equivalent) with respect only to liability arising from Lessee's sole negligence in its use of the leased Premises.

g. **Workers Compensation and Employers' Liability Insurance**

providing workers compensation benefits as required by the Labor Code of the State of California, and including Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

- h. After any assignment of the Lease or sublease of the entirety of the Premises for the balance of the term by the Lessee originally named in this Lease, such successor Lessee shall, at Lessee's sole cost, maintain commercial general liability and property damage insurance (i) with a combined single limit of liability of not less than \$1,000,000.00, (ii) insuring (a) against all liability of Lessee and Lessee's invitees arising out of or in connection with Lessee's use or occupancy of the Premises, including, without limitation, Lessee's use, maintenance, repair, and replacement of systems and equipment either contained within the Premises or in air spaces, walls, roof areas, or other portions of the Building and which exclusively serve the Premises, and (b) performance by Lessee of the



indemnity provisions set forth in this Lease, (iii) naming Lessor, its agent, and any Lender as additional insureds, and (iv) containing cross-liability endorsements. Lessee shall, at Lessee's sole cost, maintain on Lessee's Alterations and personal property a policy of standard fire and extended coverage and special form insurance, with vandalism and malicious mischief endorsements, demolition coverage, and sprinkler leakage coverage, in each case to the extent of at least 100 percent of full replacement value (as determined by the insurer), and issued in the name of Lessee with Lessor and Lessor's designated agent as additional insureds. All insurance carried by Lessee shall be maintained with an insurer reasonably acceptable to Lessor.

**18. TAXES:**

Lessor shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the demised Premises during the term of this lease or any renewal or holdover period thereof.

In the event Lessor fails or refuses to pay any or all of the taxes or assessments when due, Lessee may give Lessor thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the installments of rent

**19. BINDING ON SUCCESSORS:**

Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Lessor, and wherever the context permits or requires, the successors in interest to the Lessee.

**20. PARKING SPACES:**

Subject to the remaining provisions of this Paragraph, Lessor grants to Lessee (for the benefit of Lessee and Lessee's employees, agents, representatives, or invitees) during the Lease term the right to the non-exclusive use of 223 parking spaces or 6.8 parking spaces per 1,000 square feet of rentable area within the Premises; provided however that such parking may be reduced to no less than 131 parking spaces or 4 parking spaces per 1,000 square feet of rentable area if Lessor commences construction of an additional building within the Project. Such parking shall be located within the parking area serving the Project of which the Building is a part. No tandem spaces will be included.

Lessor shall use his best effort to provide Lessee with a minimum of 131 parking spaces or 4 parking spaces per 1,000 square feet of rentable area within the Premises at all times. If Lessor provides less than 4 parking spaces per 1,000 square feet of rentable area within the Premises at all times Lessee may at its sole discretion negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

Notwithstanding the above, failure of the Lessor to provide a minimum of 131 parking spaces or 4 parking spaces per 1,000 square feet of rentable area within the Premises ("minimum parking") at all times shall entitle Lessee to cancel this Lease by giving Lessor sixty (60) days advance written notice of such cancellation.

Notwithstanding the above, this Lease shall remain in effect if within ten (10) days of Lessee's notice to Lessor of failure to provide minimum parking, Lessor restores the requisite parking pursuant to Paragraph 20 and provides a minimum of 131 parking spaces or 4 parking spaces per 1,000 square feet of rentable area within the Premises for a continuous duration thereafter.

21. **HAZARDOUS MATERIALS:**

a. **Definition:**

For purposes of this Agreement, the term "hazardous substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

b. **Warranties and Representations:**

- i. Lessor hereby warrants and represents, based upon appropriate and reasonable inspection of the Premises, that during its ownership of the Premises; hazardous substances have not been released on the Premises; that it has no knowledge of any release of hazardous substances on the Premises occurring before its ownership; that it has no knowledge or reason to believe that there are hazardous substances on the Premises; that Lessor shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances; and that Lessor shall require all other tenants, if any, of the subject property to comply with the aforementioned rules and regulation.
- ii. Lessee hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances on the Premises.

c. **Notice:**

Lessor and Lessee agree to immediately notify each other when either party learns that hazardous substances have been released on the Premises or, if a multi-tenant property, on the subject property.

d. **Indemnity:**

- i. Lessor agrees to indemnify, defend and save Lessee, its agents, offices and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises which has not been caused by Lessee.
- ii. Lessee agrees to indemnify, defend and save harmless Lessor from and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises caused by Lessee.
- iii. The indemnity provided each party by this provision shall survive the termination of this Lease.

e. **Default:**

The presence or release of hazardous substances on the Premises and/or subject property, which is not caused by Lessee and which threatens the health and safety of Lessee's agents, officers, employees or invitees, as determined by Lessee, shall entitle Lessee to immediately terminate this Lease. In the event of such termination, Lessee shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

- f. **Operating Costs:**  
Costs incurred by Lessor as a result of the presence or release of hazardous substances on the Premises and/or subject property which is not caused by Lessee are extraordinary costs not considered normal operating expenses and shall not be passed through to Lessee as part of its obligation, if any, to pay operating expenses.

- g. **Asbestos Notification:**  
Lessor represents that the subject Premises contain no asbestos containing materials. Lessor agrees, prior to Lessee's occupancy, to abate, at Lessor's sole cost and expense, all asbestos containing materials, and provide Lessee with an updated report from a licensed California Asbestos Contractor to that effect.

Lessor agrees to notify (County/Lessee) at least annually of Lessor's knowledge of the presence of asbestos containing materials within the building of which the demised Premises is part. Such notification shall comply with Health and Safety Code Sections 25915 et seq as amended from time to time or as required by any successor or companion statutes enacted subsequent to this Lease and Agreement.

- h. **Indoor Air Pollution Notification:**  
Lessor represents and warrants that a) there have been no complaints regarding the indoor air quality anywhere in the building or in the ventilating system; b) he Lessor will deliver to Lessee/County copies of any such complaints received; c) to the best of his Lessor's knowledge there are no indoor air pollution and/or air quality problems in the building; and d) he Lessor will notify Lessee/County if any indoor air quality or environmental problem is discovered or reported in the building, and undertake to correct such problem at his Lessor's sole cost and expense.

22. **GENERAL PROVISIONS:**

- a. **Waiver**  
The waiver by Lessor or Lessee of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained.
- b. **Marginal Headings**  
The paragraph titles in this Lease are not a part of this lease thereof and shall have no effect upon the construction or interpretation of any part hereof.
- c. **Time**  
Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.
- d. **Recordation**  
This lease shall not be recorded but the parties shall execute and acknowledge before a notary public, the Memorandum of Lease attached to this Lease as Exhibit "F". The Memorandum of Lease shall be recorded with the Los Angeles County Recorder at Lessee's expense.

Lessee shall, within thirty (30) days of the lease termination, upon Lessor's request, execute and deliver to Lessor a quitclaim deed to the Premises, in recordable form, designating Lessor as Transferee. The quitclaim deed may be executed by the Chief Administrative Officer of the County of Los Angeles or his designee.



e. **Quiet Possession**

Upon Lessee paying the rent hereunder Lessee shall have quiet possession of the demised Premises for the entire term hereof subject to all the provisions in this Lease. If any underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall nevertheless remain in full force and effect and Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to Lessor, attorn to and become the Lessee of the successor in interest to Lessor.

f. **Prior Agreements**

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

g. **Force Majeure**

In the event that either party is delayed or hindered from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

h. **Separability**

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

i. **Cumulative Remedies**

No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.

j. **Choice of Law**

This Lease shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

k. **Warranties or Guarantees**

In the event that any of the items required to be maintained and repaired by the Lessor under the provisions of Paragraph 9A herein are protected by warranties or guarantees the Lessee shall be entitled to the full benefit of such protection as if it were the original purchaser thereof.

l. **Impairment of Title**

Lessor hereby covenants to notify Lessee in writing within thirty (30) days of each and every occurrence which may impair Lessor's title to the demised Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, notification of any foreclosure, and notification of default in the master lease. Lessor further agrees to notify Lessee, in writing, within ten (10) days of receipt of any written notice regarding redevelopment, zoning, or conditional use permits which affect the property, the subject of this Lease or real property adjacent thereto.

**m. Construction**

Any and all construction pertaining to this Lease and Agreement by Lessor or his designated contractors or subcontractors shall comply with applicable City, County, State and Federal regulations, codes and ordinances, including but not limited to all provisions of the Labor Code of the State of California. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements.

Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors, which are applicable to the work contemplated are filed with the Clerk of the Board of Supervisors and must be posted at the subject site.

**n. Interpretation**

The language of this Lease shall be construed according to its fair meaning and not strictly for or against Lessor or Lessee.

**o. Community Business Enterprise**

Lessor is encouraged to use Community Business Enterprises (CBE) in all contracts when possible as sources for supplies, equipment, construction and services. This shall apply during any applicable tenant improvement construction, modular furniture installation and services to be provided during the lease term.

Lessor shall submit evidence of CBE participation by providing completed copies of the Community Business Enterprise Firm Information, form attached hereto as Exhibit "E", at the time of signing this Lease and Agreement and thereafter on an annual basis on or before December 30th of each year of the term of this Agreement.

**p. Lobbyists**

Lessor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Lessor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Lessor or any County lobbyist or County lobbying firm retained by Lessor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Lease and Agreement.

**q. Continued Development of Project**

Lessee acknowledges that Lessor may, from time to time, at its sole election, construct (including, without limitation, additional buildings), reconstruct, improve (including Lessee improvements), modify, expand, or otherwise alter the project of which the Building is a part (collectively, "Construction Work") (in no event however will Lessor have any obligation to do so). Lessee acknowledges that any such Construction Work will necessarily involve, among other things, the generation of noise, dust, and vibrations, barricading portions of the project and the placement of scaffolding within the project, demolition, structural alterations, storage of materials and equipment within the project, and the presence of workmen within the project, all of which may require the rearrangement of the Common Areas, including, without limitation, landscaping, parking areas, roadways, lighting facilities, and the re-direction of vehicular and pedestrian traffic.

**r. Attorneys' Fees**

If either party commences any legal action or proceeding to enforce, interpret or construe this Lease, the prevailing party shall be entitled to recover from the other party only those attorneys' fees and court costs reasonably

incurred during litigation, as determined by the court, and shall not be entitled to recover any pre-litigation fees and costs incurred in attempting to enforce the contract. Neither party shall be entitled to recover fees or costs incurred or arising out of any legal action or proceeding other than an action to enforce, interpret or construe this Lease. As used herein, the term "legal action or proceeding" includes a declaratory relief action and any bankruptcy or insolvency proceedings. The term "pre-litigation" includes, without limitation, administrative remedies, mediation and arbitration, and any other legal work undertaken prior to the actual filing of a complaint in court.

**23. WARRANTY OF AUTHORITY:**

Each of the undersigned signatories for the Lessor hereby personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this material representation.

**24. ESTOPPEL CERTIFICATE:**

Either party shall at any time upon not less than thirty(30) days' prior written notice from the other party execute, acknowledge and deliver to the requesting party a statement in writing (1) certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (2) acknowledging that there are not to the declarant's knowledge, any uncured defaults on the part of either party hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the building complex or any other interested party. Failure to deliver such statement within such time shall be conclusive evidence (a) that this Agreement is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, (b) that there are no uncured defaults in either party's performance, and (c) that not more than one month's rent has been paid in advance

**25. TENANT IMPROVEMENTS:**

**a. Tenant Improvement Allowance:**

Lessor within ten (10) days after receipt of a duly executed copy of this Lease document and County-approved preliminary plans, will, at its own expense, cause a licensed California architect to prepare final working drawings and specifications for the proposed interior tenant improvements which are to be provided by Lessor up to a maximum cost of \$495,454 which consists of \$238,034 (\$34.00 per rentable square foot of area within the Premises which is raw undeveloped space), and \$256,420 (\$10.00 per rentable square foot of area within the Premises which has been previously improved), (collectively, the "Base Improvement Allowance"). Lessor agrees to execute a work letter, ("Tenant Improvement Work Letter") substantially in the form as attached Exhibit "H".

**b. Additional Tenant Improvement Allowance:**

In the event that the tenant improvement cost exceeds the Base Improvement Allowance, Lessee may authorize Lessor after review of estimates and written approval of the Chief Administrative Officer to pay the overage up to a maximum total of \$1,150,314 which consists of (\$54.00 per rentable square foot of area within the Premises which is raw, undeveloped space and \$30.00 per rentable square foot of area within the Premises which has been previously improved, including the base allowance, as defined in Exhibit "D"). Lessee agrees to reimburse Lessor for tenant improvement cost above the Base Improvement Allowance, and will amortize said cost at

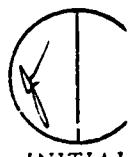
the rate of nine percent (9%) per annum over the original Lease term, increasing the monthly rent accordingly. The Lessee may at anytime during the Lease term pay Lessor in a lump sum for all or any portion of the tenant improvement cost and reduce the rental rate per Paragraph 3 accordingly. Lessor will notify Lessee of the tenant improvement final cost, and the amount payable monthly by Lessee in addition to the rent. For purposes of ascertaining the actual cost of said tenant improvements, Lessor shall provide to Lessee, upon the issuance of a Certificate of Occupancy, or a final sign-off by the City of Santa Clarita, a detailed breakdown of the total costs of constructing the tenant improvements and execute a summarized breakdown of the total costs of the tenant improvements in the form of the attached Exhibit "D" with the right to audit these costs for a period of Twenty-four (24) months from the date of commencement of the term of this Lease.

In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

The working drawings are to be prepared in accordance with preliminary plans and specifications No. 11-01 dated June 7, 2001. Said Plans and Specifications are also on file with the Chief Administrative Office and referenced on Exhibit "A" and incorporated herein by reference thereto and Lessor has a duplicate copy. Lessor shall provide any final working drawings required from said preliminary plans with Lessee having the right to review and approve said final working drawings. All work, construction and materials shall be in final working drawings and specifications. All circuit breakers, fire sprinklers, and plumbing shut off valves shall be labeled as to areas controlled both on the drawings and on the breaker panels and valves. Upon completion Lessor shall furnish the Chief Administrative Office with one (1) complete set of reproducible as-built drawings of the tenant improvements in addition to a copy of the as-built plans in an AutoCAD DXF format, together with the existing plans showing the locations of any underground utility lines and their depths.

The Premises shall meet all applicable City, County State and Federal building codes, regulations and ordinances required for beneficial occupancy. Any work, including construction, that Lessor must undertake to obtain the necessary jurisdictional approvals for occupancy shall be at Lessor's sole cost and expense and shall not be considered as part of the tenant improvement allowance. Any work to meet applicable code requirements necessitated by Lessee's special requirements shall be included as part of the tenant improvement allowance.

The Lessor shall submit three bids for the construction of the tenant improvements to the County for its review and approval prior to award of the contract. The bids shall include an itemized list of all materials and specifications, and labor and shall include all additional costs including A/E fees, permits, reasonable contractor's profit and overhead, and project management fees. Three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates. Based on the "Modular Specifications" provided by the Lessee, Lessor and/or Lessor's architect shall prepare a modular specifications bid package for submission to no less than three (3) furniture vendors. Prior to submission for bids, Lessor shall review the bid package with Lessee and Lessee shall have the right to approve or disapprove the bid package. Lessor shall not be responsible for the cost of such modular furniture in excess of both the Additional and Discretionary Tenant Improvement Allowances. Lessor shall provide to Lessee a detailed breakdown of the total cost of the modular furniture prior to the commencement date of the Lease with the right of Lessee to audit the cost for a period of eighteen (18) months from the Lease commencement date.



Provided Lessee has approved the modular furniture cost thereof, Lessor shall be responsible for ordering and installing the modular furniture in consultation with Lessee. At the end of the Lease term, all furniture purchased or leased pursuant to this paragraph shall become the property of Lessee.

The tenant improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Lessor.

**c. Discretionary Tenant Improvement Allowance**

Additionally, at the discretion of the Chief Administrative Officer (CAO), or his designee, the CAO may authorize Lessor after review of estimates and approval of the CAO, to pay an additional discretionary allowance of \$327,430 (\$10.00 per rentable square foot of the Premises), ("Discretionary Tenant Improvement Allowance"), above both the Base Improvement Allowance and the Additional Tenant Improvement Allowance as provided herein, and as defined in Exhibit "D". Lessee agrees to reimburse Lessor for the tenant improvement cost above both the Base Improvement Allowance and the Additional Tenant Improvement Allowance and will amortize said cost at the rate of nine percent (9%) per annum over the original Lease term by increasing the monthly rent accordingly. The Lessee may at anytime during the Lease term pay Lessor in a lump sum for all or any portion of the tenant improvement cost and reduce the rental rate per Paragraph 3 accordingly. Lessor will notify Lessee of the tenant improvement final cost, and the amount payable monthly by Lessee in addition to the rent. For purposes of ascertaining the actual cost of said tenant improvements, Lessor shall provide to Lessee, upon the issuance of a Certificate of Occupancy, or a final sign-off by the City of Santa Clarita, a detailed breakdown of the total costs of constructing the tenant improvements and execute a summarized breakdown of the total costs of the tenant improvements in the form of the attached Exhibit "D" with the right to audit these costs for a period of Twenty-four (24) months from the date of commencement of the term of this Lease.

In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

**d. Completion**

The parties agree that the estimated time for completion of said tenant improvements is 180 days from the date of issuance of the building permit based on the Construction Schedule attached herewith as Exhibit "G". Lessor shall file for a building permit to construct the improvements within ten (10) days of completion of final working drawings and acceptance by Lessee and diligently pursue to obtain the permit as soon as possible.

Additionally, Lessor shall complete the telephone equipment room(s) including permanent power and HVAC in compliance with the plans and specifications referenced on Exhibit "A" at least thirty (30) days prior to the estimated completion date. During this thirty (30) day period, the Lessor shall be responsible for any telephone/data equipment delivered to the site for programming prior to the completion date.

Completion may be delayed by:

- i. Acts or omissions of Lessee or of any employees or agents of Lessee

(including change orders in the work), or

- ii. Any act of God which Lessor could not have reasonably foreseen and provided for, or
- iii. Any strikes, boycotts or like obstructive acts by employees or labor organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
- iv. Any war or declaration of a state of national emergency, or
- v. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the building Premises.

**e. Change Orders**

All Lessee requested and approved change orders shall not exceed the total cost equal to five percent (5%) of the Base Improvement Allowance plus all Additional and Discretionary Improvement Allowance(s) used by Lessee. Lessor shall not be required to accept any particular change order if the total cost of prior Lessee initiated change orders exceeds such amount. The Chief Administrative Officer, is hereby authorized to approve change orders on behalf of Lessee. Lessee may pay for change order costs in lump sum, or may, at its option, amortize the change order costs over the original term of the Lease including interest at the rate of nine percent (9%) per annum by increasing the monthly rent accordingly. Lessor, or Lessor's contractor, shall submit to the Chief Administrative Officer, with each requested change order (a) specific cost of the requested change; (b) the cumulative net total cost of all change orders previously approved; and (c) an estimate of the construction time which will be increased or shortened if the change order is approved. Each change order shall be signed and dated by the Chief Administrative Officer to be considered approved. Lessee shall have the right to audit the cost of the changes for a period of twenty-four months from the date of commencement of the term. In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

**f. Lessee Remedies**

If Lessor fails to obtain the building permit within a reasonable time, taking all factors into consideration, or if tenant improvements have not been completed within sixty (60) days from the estimated time of completion, which period shall be extended for a reasonable time for delays enumerated in subparagraph D above, Lessee may, at its option:

- i. Cancel the Lease upon thirty (30) days written notice to Lessor; or
- ii. Upon thirty (30) days written notice to Lessor, assume the responsibility for providing the tenant improvements itself.

If Lessee elects to provide tenant improvements itself, then:

- (1) Lessee, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of making the tenant improvements and for any other purposes reasonably related thereto;
- (2) rent shall be reduced by Lessee's total expense in making the tenant improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of nine percent

(9%). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Lessee's total expense shall be fully amortized in equal monthly amounts over 10 years.

26.

**ASSIGNMENT BY LESSOR:**

Lessor may assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Lessor may execute any and all instruments providing for the payment of rent directly to an assignee or transferee, but only if the conditions set forth in subparagraphs B and D below are met.

Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section 26 shall be void.

Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements or Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Agreement or any portion thereof, without the prior written consent of the County.

Violation by Lessor of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Agreement, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire term of this agreement, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Agreement or applicable law.

Lessor shall give County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

Lessor shall not furnish any information concerning County or the subject matter of this Agreement (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of the County Counsel) to any person or entity, except with County's prior written consent. Lessor shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Lessor in violation of this subparagraph E.

The provisions of this Paragraph 26 shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section 26 Lessor is referred to, such reference shall be deemed to include Lessor's successors or assigns, and all covenants



and agreements by or on behalf of Lessor herein shall bind and apply to Lessor's successors and assigns whether so expressed or not.

27.

**CONSIDERATION OF GAIN PROGRAM PARTICIPANTS:**

Should Lessor require additional or replacement personnel after the effective date of this Agreement, Lessor shall give consideration for any such employment, openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Lessor's minimum qualifications for the open position. The County will refer GAIN participants by job category to the Lessor.

28.

**SOLICITATION OF CONSIDERATION:**

It is improper for any County Officer, employee or agent to solicit consideration, in any form, from a Lessor with the implication, suggestion or statement that the Lessor's provision of the consideration may secure more favorable treatment for the Lessor in the award of the lease or that the Lessor's failure to provide such consideration may negatively affect the County's consideration of the Lessor's submission. A Lessor shall not offer or give, either; directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the lease.

A Lessor shall immediately report any attempt by a County office, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the Lessor's submission being eliminated from consideration.

29.

**RIGHT OF FIRST REFUSAL FOR ADDITIONAL SPACE**

Lessee shall have the right of first refusal to lease additional space within the Building, subject to the following terms, conditions and understanding. Throughout the lease term, Lessor, at first knowledge, shall promptly notify Lessee of when and what space is or will be so available. Upon Lessee's receipt of the notice of availability, Lessee shall notify Lessor within ten (10) business days of Lessee's intent to exercise its right to lease such space. Should Lessor not respond within thirty (30) days of Lessee's notice of intent to exercise its right, Lessee's intent to exercise shall be deemed approved. The actual exercise shall be only by the Board of Supervisors of the County of Los Angeles. Said exercise shall occur no later than sixty (60) days after Lessor's approval of Lessee's right of first refusal.

Throughout the initial five (5) years of the lease term, Lessee shall have the right to lease all or a part of said space at the rate prevailing under this Lease, and throughout the remaining term of the Lease, Lessee shall have the right to lease all or a part of said space at the "Fair Market Rental Rate" as defined in Paragraph 2.B. If Lessee so notifies Lessor, Lessor shall execute an amendment to this Lease adding the additional space to the Premises under the same terms and conditions contained in this Lease; and Lessor shall deliver the additional space to Lessee upon the date such space is available for occupancy and Lessee accepts the improvements performed by Lessor, which acceptance shall not be unreasonably withheld. The rent shall not be due and owing until Lessee accepts the improvements to be performed by Lessor. Time is of the essence with respect to Lessee's exercise of the right of first refusal and Lessor's approval thereof. Lessee shall not have the right to exercise the



right of first refusal during any period of time commencing from the date Lessor gives to Lessee a written notice that Lessee is in default under any provision of this Lease and continuing until the default alleged in said notice is cured.

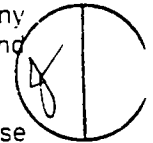
30.

**LIMITATION OF AUTHORITY:**

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Lessor understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal Board action.

No County officer, employee, agent, or independent contractor has any authority to alter, add or delete the material terms of this Lease; and Lessor may not rely upon any representations to the contrary.

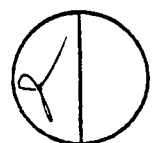
This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for tenant improvements or other project costs of Lessor which are subject to reimbursement by County. **County shall not reimburse Lessor for any expenses which exceed this ceiling.**



31.

**IRREVOCABLE OFFER:**

In consideration for the time and expense that County will invest including but not limited to preliminary space planning, legal review, and preparation and noticing for presentation to the County Real Estate Management Commission in reliance on Lessor's covenant to lease to County under the terms of this lease offer, the Lessor irrevocably promises to keep this offer open until August 15, 2001.



By John W. Chamberlain  
Name: John W. Chamberlain

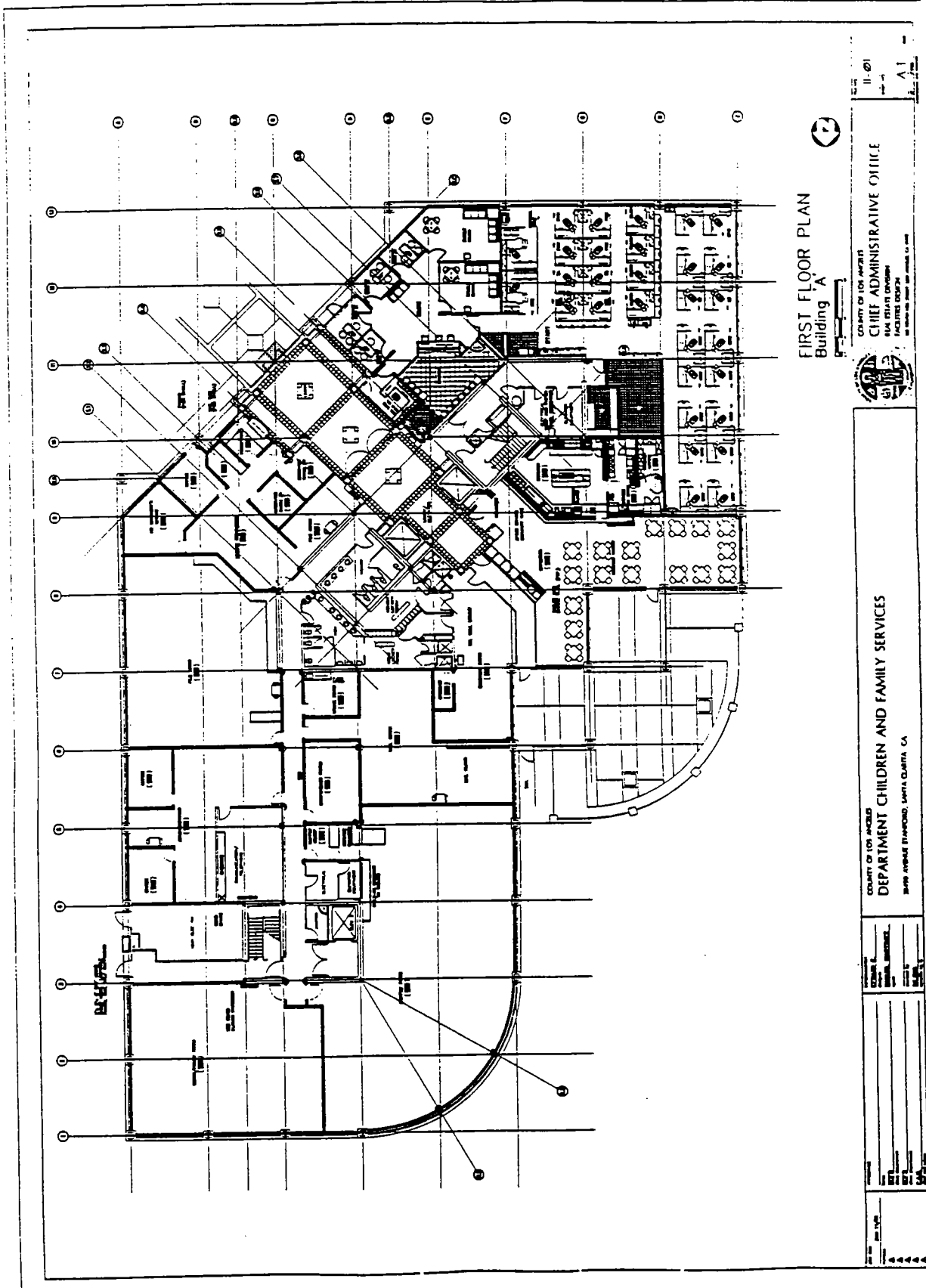
Title: President

COUNTY OF LOS ANGELES

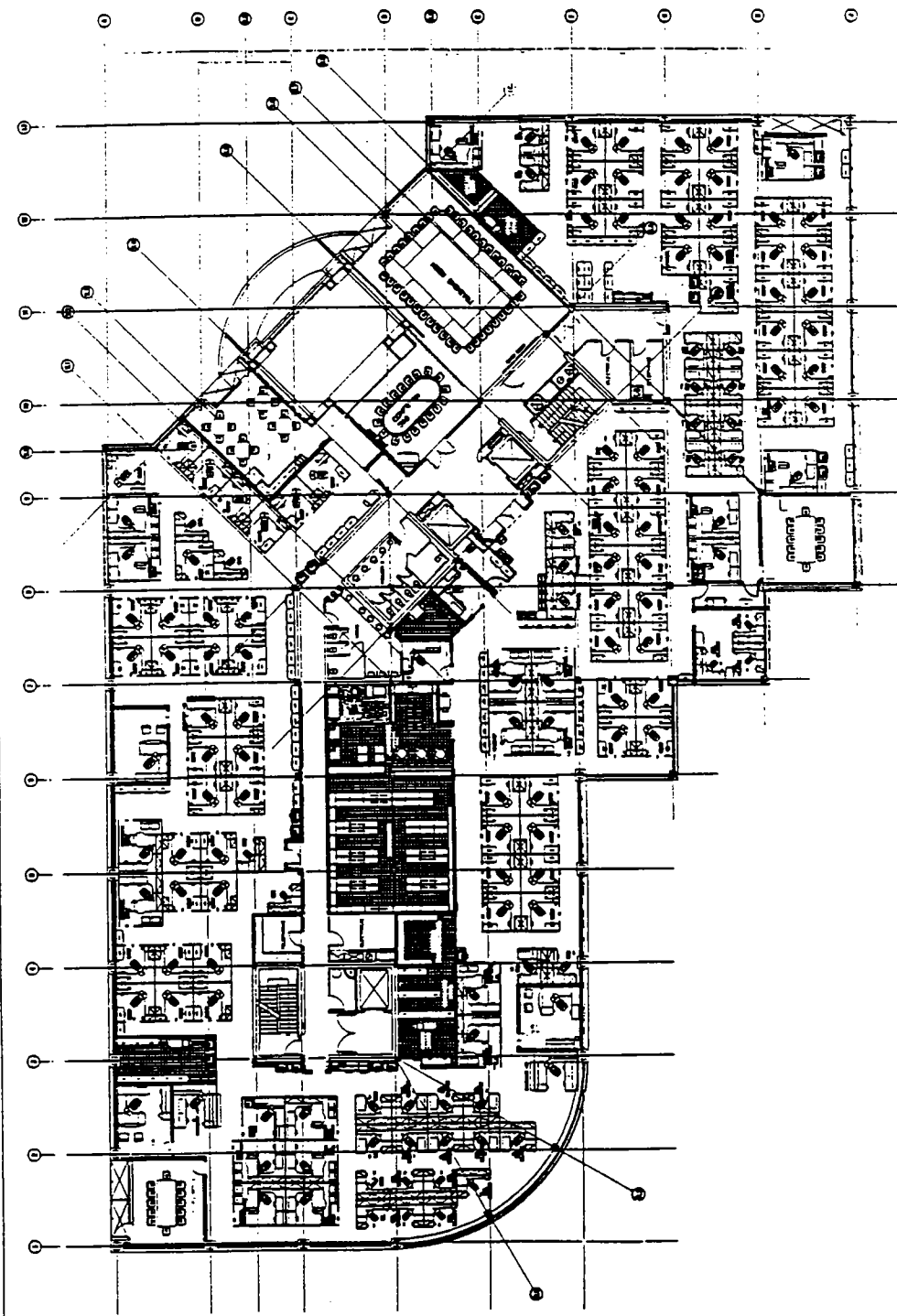
By \_\_\_\_\_  
Mayor, Board of Supervisors

By Francis E. Scott  
Deputy: Francis E. Scott

# Exhibit A - Plans and Specifications



# Exhibit A - Plans and Specifications



SECOND FLOOR PLAN  
Building A

COUNTY OF LOS ANGELES DEPARTMENT OF CHILDREN AND FAMILY SERVICES 1400 AVENUE OF THE STARS, SUITE 100, VAN NUYS, CA 91411		COUNTY OF LOS ANGELES CHIEF ADMINISTRATIVE OFFICE 11111 WILSON AVENUE, SUITE 100, VAN NUYS, CA 91411	
PROJECT NO. 11-01		A.2	
DATE: 11/11/11		BY: [Signature]	
CHECKED: [Signature]		DATE: 11/11/11	
DESIGNED: [Signature]		DATE: 11/11/11	
DRAWN: [Signature]		DATE: 11/11/11	
SCALE: 1/8" = 1'-0"		SHEET NO. 11-01	

## **Exhibit B - Cleaning and Maintenance Schedule**

This list reflects the various cleaning and maintenance requirements for the leased office space. Responsibility for this cleaning and maintenance service belongs to the Lessor.

### **Entrance Lobbies/Building Corridors**

#### Daily Services: Five (5) Days Per Week

1. Sweep and spot clean non-resilient flooring.
2. Vacuum carpets completely.
3. Empty all waste containers and spot clean.
4. Spot clean carpeted floor surface.
5. Dust ledges within reach.
6. Damp mop spillage as needed.
7. Empty cigarette receptacles.
8. Spot clean walls and doors.
9. Clean entrance mats as necessary.
10. Clean all metal door frames and thresholds.
11. Clean building directory board glass.
12. Vacuum entrance mats as necessary.
13. Only designated lights will be left on.
14. Graffiti expunged as needed within two (2) working days after notice by Lessee.

#### Weekly Services:

1. Spot clean walls, woodwork, and doors.
2. Perform high dusting.
3. Edge all carpets.
4. Polish entrance metals.
5. Dust all baseboards.
6. Dust all horizontal surfaces.

#### Monthly Services:

1. Dust and vacuum air supply and exhaust diffusers.
2. Vacuum all furniture in lobby area.

### **Elevators**

#### Daily Services: Five (5) Days Per Week

1. Sweep and spot clean non-resilient flooring.
2. Vacuum and spot clean carpets.
3. Clean and polish doors.
4. Clean and polish interior of cab.
5. Vacuum tracks thoroughly.
6. Clean all bright work.

#### Weekly Services:

1. Polish all bright work.
2. Clean tracks thoroughly.

#### Monthly Services:

1. Vacuum ceiling grate.

### **Stairways and Landings**

#### Daily Services: Five (5) Days Per Week:

1. Police area to remove refuse.
2. Damp mop to remove spillage as needed.
3. Spot sweep stairs as needed.

#### Weekly Services:

1. Sweep stairways and landings.

2. Dust all handrails.
3. Wet mop as needed.

### **Office/Tenant Areas**

#### Daily Services: Five (5) Days Per Week:

1. Sweep with chemically treated dust-mop or vacuum all high traffic areas
2. Spot clean composition floors.
3. Dust desks, chairs, and all other office furniture.
4. Clean all ash trays and sand urns.
5. Empty all waste baskets and carry trash to pick up area.
6. Spot clean partition door glass.
7. Clean and polish drinking fountains.
8. Install plastic waste basket linens and replace as necessary.
9. Graffiti expunged as needed within two (2) working days after notice by Lessee.

#### Weekly Services:

1. Dust ledges and window sills.
2. Perform high dusting.
3. Dust picture frames and book shelves.
4. Remove fingerprints from woodwork, walls, and partitions.
5. Dust vertical surfaces of office furniture.
6. Dust chair rungs and furniture legs.
7. All in suite carpet to be vacuumed completely.
8. Spot clean around wall switches.
9. Spot clean doors, door frames, and counters.
10. Dust all horizontal surfaces.
11. Spot clean all glass partitions.

#### Monthly Services:

1. Perform high dusting, i.e., door sashes and tops of partitions.
2. Wipe down plastic and leather furniture.
3. Dust venetian blinds.
4. Dust and vacuum wall and ceiling vents.

#### Semi-Annually:

1. Windows washed as required inside and outside but not less frequently than twice annually.
2. All painted wall and door surfaces washed and stains removed.
3. All walls treated with vinyl covering washed and stains removed.

#### Annually:

1. Carpets cleaned.

### **Restrooms & Lounges**

#### Daily Services: Five (5) Days Per Week:

1. Empty and wipe out all waste paper containers.
2. Empty sanitary napkin containers and replace insert.
3. Polish all metal and mirrors.
4. Clean all dispensers.
5. Clean and disinfect wash basins, toilets, and urinals.
6. Disinfect undersides and tops of toilet seats.
7. Clean floors with germicidal solution.
8. Vacuum carpets.
9. Refill soap, towel, and tissue dispensers.
10. Report to Building Manager any fixture not working.

#### Weekly Services:

1. Perform high dusting.
2. Dust all air supply and exhaust diffusers.

3. Polish all dispensers.
4. Spot clean tile walls and toilet partitions.
5. Spot clean walls around wash basins.

Monthly Services:

1. Wash down toilet compartment partitions.

**Kitchen, Vending or Luncheon**

Daily Services: Five (5) Days Per Week:

1. Clean sink if empty.
2. Clean counter top.
3. Empty trash.
4. Damp mop floor.
5. Wipe off table and chairs and arrange.
6. Wipe off fronts of vending machines.
7. Vacuum carpeting.
8. Wipe down microwaves.

**Floor Care**

**Entrance Lobbies/Building Corridors**

1. Scrub and refinish floors monthly.
2. Strip and re-finish floors semi-annually.

**Office/Tenant Areas**

1. Scrub and refinish floors monthly.
2. Strip and re-finish floors semi-annually.

**Restrooms**

1. Scrub and refinish floors monthly

**Exhibit C - Memorandum of Commencement Date.**

This Agreement is dated this \_\_\_\_\_ day of \_\_\_\_\_, 2001, for reference purposes only, by and between Lessor ICW Valencia, L.P., a California limited partnership, and Lessee County of Los Angeles.

1. The parties hereto have entered into a Lease dated as of \_\_\_\_\_ (the "Lease") for the leasing by Lessor to Lessee of the buildings located at 28490 Avenue Stanford, Santa Clarita ("the Premises").

2. Lessor and Lessee hereby confirm the following:

- (a) That all construction by Lessor, if any, required to be done pursuant to the terms of the Lease has been completed in all respects subject to any remaining punchlist items;
- (b) That Lessee has accepted possession of the Premises and now occupies the same; and
- (c) That the term of the Lease commenced \_\_\_\_\_, 20\_\_.

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

LESSOR:

ICW VALENCIA, L.P., a California limited  
partnership

By: ICW Valencia, Inc., a California corporation,  
General Partner

By: \_\_\_\_\_  
John W. Chamberlain, President

LESSEE:

COUNTY OF LOS ANGELES,  
a body politic and corporate

By: \_\_\_\_\_  
Chuck W. West  
Director of Real Estate



**Exhibit "D"**

**Memorandum of Tenant Improvement Cost**

This Agreement is dated this \_\_\_\_\_ day of \_\_\_\_\_, 2001, for reference purposes only, by and between Lessor, ICW Valencia, L.P., a California limited partnership, and Lessee, County of Los Angeles.

1. The parties hereto have entered into a Lease dated as of \_\_\_\_\_ (the "Lease") for the leasing by Lessor to Lessee of the buildings located at 28490 Avenue Stanford, Santa Clarita ("the Premises").

2. Lessor and Lessee hereby confirm the following:

(a) The final total cost of the tenant improvements is \_\_\_\_\_ (\$\_\_\_\_\_).

This is comprised of:

<u>Lease Budget</u>		<u>Actual Cost</u>
\$495,545	Tenant Improvement Allowance	\$_____
\$654,860	Additional Tenant Improvement Allowance	\$_____
\$327,430	Discretionary Tenant Improvement Allowance	\$_____
\$73,887	Change Order Allowance (5%)	\$_____
\$1,551,631	Total	\$_____

(b) The final total cost of the modular furniture, if applicable, (which is included in Paragraph 25) is (\$\_\_\_\_\_).

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

LESSOR:

ICW VALENCIA, L.P., a California limited partnership

By: ICW Valencia, Inc., a California corporation,  
General Partner

By: \_\_\_\_\_  
John W. Chamberlain, President

LESSEE:

COUNTY OF LOS ANGELES,  
a body politic and corporate

By: \_\_\_\_\_  
Chuck W. West  
Director of Real Estate

## Exhibit E - Community Business Enterprise Form

**INSTRUCTIONS:** All Lessors shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5

Firm Name	
Address	
Contact Name	
Telephone No.	
Total # of Employees	
Business Structure*	

\*Corporation, Partnership, etc.

### I. MINORITY/WOMEN PARTICIPATION IN FIRM

(Partners, Associates Partners, Managers, Staff, etc.)

	OWNERS PARTNERS	ASSOCIATE PARTNERS	MANAGERS	STAFF	TOTAL
Black/African American					
Hispanic/Latin					
Asian American					
Portuguese American					
A. Indian/Alaskan					
All Others					
<b>TOTAL</b>					
Women*					

\*Should be included in counts above and reported separately

### II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

	TOTAL # OF OWNERS	% OF OWNERSHIP
Black/African American		
Hispanic/Latin American		
Asian American		
Portuguese American		
American Indian/Alaskan Native		
All Others		
<b>TOTAL</b>		
Women*		

\*Should be included in counts above and reported separately

### III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

Is your firm currently certified as a minority owned business firm by the:

	yes	no	
State of California?			
City of Los Angeles?			
Federal Government?			

### IV. WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS FORM.

	Initial	
Initial here if applicable	A	

SIGNED:

TITLE:

DATE:

*[Signature]*  
Personnel  
8/2/01

**Exhibit F - Memorandum of Lease**

**RECORDING REQUESTED:  
THE COUNTY OF LOS ANGELES**

**WHEN RECORDED MAIL TO:**

Chief Administrative Office  
Leasing and Space Management  
222 South Hill Street, 4<sup>th</sup> floor  
Los Angeles, CA 90012

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code section 11922.

**MEMORANDUM OF LEASE**

This Memorandum of Lease ("Memorandum") is made and entered into by and between ICW Valencia, L.P. (the "Lessor"), and the County of Los Angeles, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Lessee") who agree as follows:

Lessor and Lessee have entered into that certain Lease and Agreement dated as of \_\_\_\_\_ 2001, (the "Lease"). Pursuant to the Lease, the Lessor has leased to the Lessee real property located at 28490 Avenue Stanford, Santa Clarita, in the County of Los Angeles, State of California, described in Paragraph 1. attached hereto and incorporated herein by reference, commencing on \_\_\_\_\_, 20\_\_\_\_, and ending on a date \_\_\_\_\_ (10) years after the rent commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease. Lessor shall be responsible for providing full (modified) services during the term of the Lease, subject to the terms and conditions of the Lease. The Lessee is provided two five-year options to extend the term and a right of first refusal to expand the demised Premises pursuant to the terms and conditions set forth in the Lease.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Dated: \_\_\_\_\_, 20\_\_\_\_.

LESSOR:  
ICW VALENCIA, L.P.,  
a California limited partnership  
By: ICW Valencia, Inc.,  
a California corporation, General Partner

LESSEE:  
COUNTY OF LOS ANGELES,  
a body politic and corporate

By: \_\_\_\_\_  
John W. Chamberlain, President

By: \_\_\_\_\_  
Chuck W. West  
Director of Real Estate  
COUNTY OF LOS ANGELES

## Exhibit G - Construction Schedule

28490 Avenue Stanford, Santa Clarita

Reference	Due Date
County approved preliminary plan delivered to Lessor	Upon Board of Supervisor's approval of Lease (Board approval)
Furniture system description provided to Lessor (Naming specific product lines to be used if multiple bidders required)	Fifteen (15) days following Board approval
Furniture drawing reviewed by Lessee	Thirty (30) days following Board approval
Complete set of ISD* telecommunications plans (approved by Tenant Departments) delivered to Lessor	Forty days (40) following Board approval
Furniture drawing completed and approved by Lessee	Forty-five (45) days following Board approval
Working drawing completed	Forty-five (45) days following Board approval
Furniture ordered	Fifty (50) days following Board approval
Working drawing reviewed for revision by Lessee	Ten (10) business days after Lessor submits working drawings to Lessee
Working drawing revised by Lessor	Five (5) business days after Lessee returns working drawings to Lessor with Lessee's comments
Approval of final working drawings by Lessee	Five (5) business days after Lessor submits revised working drawing to Lessee
Issuance of building permit, construction staging, and commencement of construction	Thirty (30) days following completion of working drawings
ISD to commence cabling	Seven (7) days following commencement of construction
ISD to finish all connections	Thirty (30) days following Lessor's delivery of MCR rooms
Furniture punch-list walk-through and Construction punch-list walk-through	One-hundred ten (110) days following issuance of building permit
Construction completed evidenced by final inspection sign-off and Certificate of Occupancy by City of Santa Clarita	One-hundred twenty (120) days following issuance of building permit

\* (ISD) Internal Services Department

## Exhibit H - Tenant Improvement Work Letter

28490 Avenue Stanford, Santa Clarita

1. The purpose of this Work Letter is to set forth how the Tenant Improvements (as defined in Section 8 below) in the Premises are to be constructed, who will undertake the construction of the Tenant Improvements, who will pay for the construction of the Tenant Improvements, and the time schedule for completion of the construction of the Tenant Improvements. The provisions of the Lease, except where clearly inconsistent or inapplicable to this Work Letter, are incorporated into this Work Letter.

2. Preparation of Plans; Construction Schedule and Procedures. Delivery of all plans and drawings referred to in this Section 2 shall be by messenger service or personal hand delivery, unless otherwise agreed by Lessor and Lessee. Lessor shall arrange for the construction of the Tenant Improvements in accordance with the following schedule:

(a) Selection of Architect and Engineer. Lessor shall on or before August 15, 2001, solicit at least three (3) proposals from licensed qualified architects ("Architect") and engineers ("Engineer,") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings. The Architect and the Engineer shall be selected by Lessor subject to Lessee's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three (3) business days after Lessor has submitted the name of the Architect and the Engineer to Lessee along with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Lessee and written consent has been delivered to and received by Lessor.

(b) Base Building Plans. Lessor shall, within sixty (60) days prior to Lessee's execution of the Lease, submit instructions and building plans and specifications representing the "as built" premises in an Autocad 2000 format ("Base Building Plans") to Lessee sufficient to allow Lessee to complete a Space Plan (as defined in Subsection (c) below). In the event that Lessee incurs increased costs because of incomplete plans, such increased costs will be reimbursed to Lessee by Lessor, and any delay caused thereby shall be deemed to constitute a Lessor Delay.

(c) Preparation and Approval of Space Plan. Lessee shall submit to the Architect and Lessor a Space Plan for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room ("Space Plan"). The Architect shall incorporate the items described in Schedule 2 attached hereto into the Working Drawings, which Lessor is required to utilize in the construction of the Tenant Improvements.

Lessee shall submit to Lessor the Space Plan for Lessor's review and approval. Within two (2) days after Lessor receives the Space Plan, Lessor shall either approve or disapprove the Space Plan for reasonable and material reasons (which shall be limited to the following: (i) adverse effect on the Building Structure; (ii) possible damage to the Building Systems; (iii) non-compliance with applicable codes; (iv) effect on the exterior appearance of the Building or (v) unreasonable interference with the normal and customary business operations of other tenants in the Building (each, a "Design Problem") and return the Space Plan to Lessee. In such event, Lessor shall require, and Lessee shall make the minimum changes necessary in order to correct the Design Problems and shall return the Space Plan to Lessor, which Lessor shall approve or disapprove within two (2) days after Lessor receives the revised Space Plan. This procedure shall be repeated until the Space Plan is finally approved by Lessor and written approval has been delivered to and received by Lessee. The Space Plan may be submitted by Lessee in one or more stages and at one or more times, and the time periods for Lessor's approval shall apply with respect to each such portion submitted.

(d) Preparation and Approval of Working Drawings. Within ten (10) days of the date the Space Plan is finally approved by the Board of Supervisors, the "Plan Approval Date", Lessor shall commence with the preparation of Working Drawings by the Architect, the "Working Drawings", which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined in Subsection (e) below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. Such Working Drawings must incorporate such items as have been specified by Lessor as required for use in the Building, as set forth in Schedule 2 attached to this Agreement. The Working Drawings may be submitted in one or more stages and at one or more times.

Lessor shall provide Lessee the Working Drawings, or such portion as has from time to time been submitted, for review. However, Lessor shall be solely responsible to approve the Working Drawings ensuring that such drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

(e) Preparation and Approval of Engineering Drawings. Lessor shall cause the Architect, to coordinate all engineering drawings prepared by the designated Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times, for Lessee's review.

(f) Integration of Working Drawings and Engineering Drawings into Final Plans. After Lessee has reviewed and Lessor has approved the Engineering Drawings, Lessor shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five (5) sets of the Final Plans to Lessee.

(g) Schedule. Within ten (10) days of the Plan Approval Date, Lessor shall submit a detailed construction schedule outlining date specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings including respective engineered drawings; submission of plans to local jurisdiction for review; issuance of building permit; submission of plans to contractors for bidding; award of construction contract; construction commencement; construction completion; projected move in date; etc... As the project continues, Lessor shall amend the schedule to reflect any changes to the projected dates.

(h) Budget. As provided in Section 9, Lessor shall prepare the Preliminary Construction Budget for Lessee's review within thirty (30) days of the Plan Approval Date in substantially the form attached as Attachment "A" (or in other form in compliance with Construction Specifications Institute (CSI), to be updated weekly until the completion of the tenant improvements and acceptance thereof by Lessee.

(3) Commencement Date. The "Commencement Date" shall have the definition set forth in Paragraph 2 of the Lease.

(a) Rental Payment Effective Date. Notwithstanding the actual Commencement Date, the payment of rent may be delayed or accelerated, as the case may be, by one (1) day for each day of delay in the design of or Lessee's move-in into the Premises that is caused by any Force Majeure Delay or Lessor Delay or Lessee Delay. No Lessor Delay, Force Majeure Delay or Lessee Delay shall be deemed to have occurred unless and until the party claiming such delay has provided written notice to the other party specifying the action or inaction that such notifying party contends constitutes a Lessor Delay, Force Majeure Delay or Lessee Delay, as applicable. If such actions or inaction is not cured, or disputed in writing by the other party, within five (5) business days after receipt of such notice, then a Lessor Delay, Force Majeure Delay or Lessee Delay, as set forth in such notice, shall be deemed to have occurred commencing as of the date such notice is received and continuing for the number of days the design of the Tenant Improvements

and/or Lessee's move-in into the Premises was in fact delayed as a direct result of such action or inaction.

(4.) Delay

(i) Lessee Delay. The term "Lessee Delay" as used in the Lease or this Agreement shall mean any delay that Lessor may encounter in the performance of Lessor's obligations under this Agreement because of any act or omission of any nature by Lessee or its agents or contractors, including any: (1) delay attributable to changes in or additions to the Final Plans (as defined in Section 2(f) below) or to the Tenant Improvements requested by Lessee; (2) delay attributable to the postponement of any Tenant Improvements at the request of Lessee; (3) delay by Lessee in the submission of information or the giving of authorizations or approvals within the time limits set forth in this Agreement; and (4) delay attributable to the failure of Lessee to pay, when due, any amounts required to be paid by Lessee pursuant to the Lease or this exhibit.

In addition, since many projects may have change orders, the first twenty (20) business days of any delay which results from change orders initiated by Lessee shall constitute a grace period, the "Grace Period", and shall not constitute a Lessee Delay.

(ii) Force Majeure Delay. The term "Force Majeure Delay" as used in the Work Letter shall mean any delay incurred by Lessee in the design of its Tenant Improvements or its move-in into the Premises attributable to any: (1) actual delay or failure to perform attributable to any strike, lockout or other labor or industrial disturbance (whether or not on the part of the employee of either party hereto), civil disturbance, further order claiming jurisdiction, act of public enemy, war, riot, sabotage, blockade, embargo; (2) delay due to changes in any applicable laws (including, without limitation, the ADA), or the interpretation thereof; or (3) delay attributable to lightning, earthquake, fire, storm, hurricane, tornado, flood, washout, explosion, or any other similar industry wide or Building-wide cause beyond the reasonable control of the party from whom performance is required, or any of its contractors or other representatives. Any prevention, delay or stoppage due to any Force Majeure Delay shall excuse the performance of the party affected for a period of time equal to any such prevention, delay or stoppage (except the obligations of Lessor to timely pay contractor).

(iii) Lessor Delay. The term "Lessor Delay" as used in the Lease or this Agreement shall mean any delay in the design of the Tenant Improvements or the Substantial completion of the Premises which is due to any act or omission of Lessor (wrongful, negligent or otherwise), its agents or contractors (including acts or omissions while acting as agent or contractor for Lessee). The term Lessor Delay shall include, but shall not be limited to any: (1) delay in the giving of authorizations or approvals by Lessor; (2) delay attributable to the acts or failures to act, whether willful, negligent or otherwise, of Lessor, its agents or contractors; (3) delay attributable to the interference of Lessor, its agents or contractors with the design of the Tenant Improvements or the failure or refusal of any such party to permit Lessee, its agents or contractors, access to and priority use of the Building or any Building facilities or services, including hoists, freight elevators, passenger elevators, and loading docks, which access and use are required for the orderly and continuous performance of the work necessary for Lessee to complete its move-in into the Premises; (4) Lessor's failure to complete all telecommunication rooms (including painting, floor covering, lighting, conduit access, permanent power and HVAC systems) and installation of Lessee's telcom cabling (if such work is required pursuant to the Lease), serving the Premises at least thirty (30) days prior to the Commencement Date; (5) delay attributable to Lessor giving Lessee incorrect or incomplete Building Requirements or Base Building Plans, or revisions made to such Building Requirements or Base Building Plans subsequent to the delivery of such items to Lessee (collectively, "Incomplete Plans") in either case, in addition to such delay being deemed a Lessor Delay, Lessor shall increase the Tenant Improvement Allowance by an amount sufficient to reimburse Lessee for the increased costs incurred by Lessee as a result thereof; (6) failure of Lessor to deliver the Base Building Plans and/or the Building Requirements to Lessee at least sixty (60) days prior to the execution of the Lease; (7) delay attributable to Lessor's failure to allow Lessee sufficient access to the Building and/or the Premises during the Construction Period to

move into the Premises over one (1) weekend prior to the commencement of rent; (8) delay by Lessor in administering and paying when due the Tenant Improvement Allowance (in which case, in addition to such delay being deemed a Lessor Delay, Lessee shall have the right to stop the construction of the Tenant Improvements) and; (9) delay caused by the failure of the Base Building to comply with the ADA or any other improvements required to be performed by Lessor in order for the Premises to comply with the provisions detailed in Schedule 1 attached hereto (in which case, in addition to such delay being deemed a Lessor Delay, the required work shall not be considered as part of the Tenant Improvement Allowance and all required work shall be completed at Lessor's sole cost and expense).

Furthermore, if during the course of construction, building defects are discovered that would otherwise not have been discovered by a reasonably diligent inspection of the Premises at the time construction commenced, and a change to the construction contract is generated as a result thereof, any delay in the completion of the project as a result thereof shall not be considered a Lessor delay, however, the ensuing delay shall not be credited towards the Grace Period provided to Lessee.

(5) Substantially Complete. The term "Substantially Complete" or "Substantial Completion" as used in the Work Letter shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the Building Systems are operational to the extent necessary to service the Premises; (2) Lessor has sufficiently completed all the work required to be performed by Lessor in accordance with this Work Letter including the installation of modular furniture systems, if so required by the Lease, (except minor punch list items which Lessor shall thereafter promptly complete) such that Lessee can conduct normal business operations from the Premises; (3) Lessor has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent (except to the extent delayed by any Lessee Delay); (4) Lessee has been provided with the number of parking privileges and spaces to which it is entitled under the Lease; (5) Lessee has been delivered, at least 30 days prior to the Commencement Date, complete and uninterrupted access to the Premises (and other required portions of the Building and the Site including the completion of all telecommunications rooms power and HVAC that serve the telecommunications room) sufficient to allow Lessee to install its freestanding work stations, (unless such installation is part of the modular workstations to be installed by Lessor pursuant to the Lease) fixtures, furniture, equipment, and telecommunication and computer cabling systems (unless installation of telecommunication cabling is Lessor's responsibility pursuant to the Lease) and to move into the Premises over one (1) weekend, (6) In the event lessor is responsible for the installation of telecommunication systems, then such systems shall be completely operational.

In the event that the use of the freight elevators and/or hoists is not sufficient to meet Lessee's requirements, Lessor shall cause to be made operational (a) temporary construction elevator and hoist, or (b) Lessee shall have priority usage of two (2) passenger elevators in the elevator bank that services the Premises in order to assist Lessee in the installation of Lessee's fixtures, furniture and equipment. In no event shall Lessee's remedies or entitlements for the occurrence of a Lessor Delay be abated, deferred, diminished or rendered inoperative because of a prior, concurrent, or subsequent delay resulting from any action or inaction of Lessee.

6. Representatives. Lessee has designated Manuel Martinez, Chief Administrative Office (CAO), Real Estate Division, as its sole representative with respect to the matters set forth in the Work Letter, who until further notice to Lessor, shall have the full authority and responsibility to act on behalf of Lessee as required in this Work Letter. Lessor has designated Jim Roherty, whose mailing address for purposes of any notices to be given regarding matters pertaining to this Work Letter only is 11455 El Camino Real, Suite 200, San Diego, CA 92130, as its sole representative with respect to the matters set forth in the Agreement, who until further notice to Lessee, shall have the full authority and responsibility to act on behalf of Lessor as required in this Agreement during the period of construction of the Tenant Improvements.



7. Contractor and Review of Plans.

(a) Selection of Contractor. Lessor's contractor shall be the contractor selected pursuant to a procedure whereby the Final Plans and a construction contract approved by Lessee are submitted to contractors, selected by Lessor and approved by Lessee, sufficient in number so that a minimum of three (3) bids are received and who are requested to each submit a sealed fixed price contract bid price (on such contract form as Lessor shall designate) to construct the Tenant Improvements designated on the Final Plans, to Lessor and Lessee, who shall jointly open and review the bids. Lessor and Lessee, after adjustments for the inconsistent assumptions to reflect an "apples to apples" comparison, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract with Lessor consistent with the terms of the bid to construct the Tenant Improvements ("Construction Contract"). The Construction Contract shall not, unless Lessee otherwise directs, require the Contractor to post a completion bond or contain any provision penalizing the Contractor for not completing the Tenant Improvements within a specific period of time.

(b) Actual Review Costs. Lessor shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. Furthermore, Lessee shall not pay to Lessor any fee for profit, overhead or general conditions in connection with the construction of the Tenant Improvements unless Lessor, as part of its original offer to Lease, has revealed the fees attributable to project management.

(c) Meetings: Upon selection of Contractor, Lessor shall immediately identify a time and date for the purposes of holding weekly construction meetings that is mutually acceptable to all parties. During the course of construction, meetings shall be held at least once per week, unless Lessee directs otherwise. An initial (kickoff) construction meeting shall be held within five (5) days of the date the contractor is selected.

8. Tenant Improvements. The term "Tenant Improvements" shall mean all improvements shown in the Final Plans as integrated by the Architect, and, to the extent specified in the Final Plans, all signage, modular workstations, built-ins, related cabinets, reception desks, conference room tables to the extent specified in the millwork or comparable contracts, all telecommunication equipment and related wiring, and all carpets and floor coverings, but, except as provided above, Tenant Improvements shall not include any personal property of Lessee.

9. Tenant Improvement Allowance.

Amounts.

Base Building Compliance:

Lessor's sole cost and expense

Any work, including construction, that Lessor must undertake to (1) obtain the necessary jurisdictional approvals for a Certificate of Occupancy including amounts required to be expended to cause the Premises to comply with the access requirements of the ADA, and; (2) make existing building systems pursuant to Schedule 1, attached hereto, including but not limited to electrical service and HVAC equipment fully operational for the proposed office occupancy, shall be at Lessor's sole cost and expense. Furthermore, the Tenant Improvement Allowance shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease including all expenses associated with curing any such "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere.

Base Tenant Improvement Allowance:	<u>\$495,454</u>
Additional Tenant Improvement Allowance:	<u>\$654,860</u>
Discretionary Tenant Improvement Allowance:	<u>\$327,430</u>
Change Orders (5%):	<u>\$73,887</u>
<b>Total Allowances</b>	<b><u>\$1,551,631</u></b>

Not more than thirty (30) days from the date of Lessor's receipt of Lessee's Space Plan, Lessor shall submit to Lessee a detailed budget, the "Preliminary Construction Budget", in a format similar to Schedule 3 attached hereto. Said budget shall be revised within ten (10) days of the date the contractor is selected, the "Final Construction Budget". Lessee shall have five (5) days from the date of Lessee's receipt of said budget to approve or disapprove the Final Construction Budget. Construction shall not begin until such time as Lessee indicates its approval or disapproval of the Final Construction Budget or the five (5) day period expires without any response from the Lessee. In the event Lessee disapproves the Final Construction Budget due to matters related to cost, provided the Final Construction Budget is ten (10) percent or more higher in cost than the Preliminary Construction Budget, then any delay caused by the necessity to rebid the tenant improvements or redesign the Premises shall not be considered a Lessee Delay.

10. Life-Fire Safety Codes/Disabled Access Codes/Earthquake Safety Codes. In the event that, because the Premises and/or the Building as initially constructed do not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, Lessee incurs increased design or construction costs that it would not have incurred had the Premises and/or the Building already been in compliance with the applicable life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, applicable to new construction, then such costs shall be reimbursed by Lessor to Lessee within ten (10) days after receipt by Lessor from Lessee of an invoice document evidencing such increased costs or such costs shall not be included in the calculation of tenant improvements attributable to Lessee's allowances and Lessee shall have no financial responsibility for such costs. Any delay in the design or construction of the Tenant Improvements or Tenant's move-in into the Premises because of the non-compliance of the Building and/or Premises with the applicable life-fire safety codes and disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes shall constitute a Landlord Delay.

11. Lessor to Construct Base Building. Lessor hereby agrees that the Base Building shall include the items set forth in the "Base Building Description" attached hereto as Schedule 1 and shall otherwise be in accordance with the Base Building Plans, and the cost to bring the Building into compliance thereof shall not be included in the Tenant Improvement Allowance. Lessor may make further revisions to such Base Building Plans as long as the Building, when constructed, will be comparable in appearance, design, efficiency, and quality as the building initially described in the Base Building Plans.

#### SCHEDULE 1 BASE BUILDING DESCRIPTION

At no cost to Lessee, Lessor either has, or shall, supply, furnish, install and finish the following items in full compliance with all applicable laws (including, without limitation, the ADA), regulations and building codes, all at Lessor's sole cost and expense, which shall not be included in the Tenant Improvement Allowance, and which shall comprise, and are hereby defined as, the "Base Building":

1. Shell and Core.

(a) Lessor shall provide the Building and the Base Building Shell and Core pursuant to this Schedule 1, which obligation shall be deemed satisfied when the Building and the Base Building have been substantially completed, substantially in accordance with the requirements of this Schedule 1 as supplemented and increased (but not decreased) by the Base Building Plans and Building Requirements (as defined in Sections 2(b) and 9 (Base Building Compliance), respectively, of the attached Work Letter Agreement), the most current copies of which have been provided by Lessor. It shall be understood that Lessor may make modifications to the Base Building Plans and Building Requirements, some of which may affect the Premises, as long as such modifications do not affect the quality of the construction or the materials or equipment used, or substantially and adversely affect the operation of the Building's basic services in such a manner as would interfere with Lessee's quiet and peaceful use, possession and enjoyment of the Building or increase Lessee's future financial responsibility to reimburse operating cost expenses

if any.

### SHELL AND CORE

The following is a description of the shell and core, or "Base Building". To the extent that additional improvements or upgrades exist, those improvements and upgrades are "as-is". With respect to each building(s), the shell and core includes -

- The sum of the building's substructure (excavation and re-compaction, foundations and basement construction); and,
- Landscaping (including irrigation system and exterior lighting); and,
- The vertical structure (wood framing, structural steel, fireproofing and or other structural elements); and,
- Horizontal structure (including reinforced concrete slab on grade, suspended floors of structural steel framing with metal or reinforced concrete decking and concrete topping); **Floors.** (a) Design to support a minimum live load of 80 lbs per square foot reducible and an additional partition load of 20 lbs per square foot for a total of 100 lbs per square foot. (b) Smooth, level and ready to receive carpeting, tile, marble or wood flooring without additional floor preparation, and,
- Waterproof and watertight roofs (including structural steel framing with metal decking and concrete topping, and fireproofing at steel structure or other framing); and,
- Exterior cladding of a weather tight material (including exterior wall finish, metal framing, insulation, exterior glazing, including reflective glass windows in compliance with ASHERA standards, doors and painted gypsum board to interior face of exterior walls); and,
- Roofing and waterproofing (including roof insulation, roofing, sheet metal flashings, roof access and ventilation, caulking and sealants); and,
- Dropped ceilings on 2' X 4' grid system with standard 2' X 2' scored acoustical tiles, lighting, consisting of 2' X 4' lay-in light fixtures and a general lighting level of 50 foot candles at desktop height in common area; and,
- Lighting, Installed and operating in main lobby, all stairwells, elevators, lobbies, mechanical rooms, utility rooms, other lighting as required by code. Exterior lighting installed as required by design.
- Interior partitions at elevator and lobby areas (including metal stud framing, durable finished walls, interior and fire doors); Core walls (except all levels below-grade), service core walls, perimeter walls, elevator lobby walls, and columns (exterior columns extended slab-to-slab) all installed, clad with properly rated Sheetrock, taped, sanded, patched, filled, dusted and ready to receive paint or other Tenant finish and,
- All Signage required by local codes including but not limited to building identification, restroom designation and exit identification.

- Durable interior finishes for elevator and main lobbies (including floor, wall and ceiling finishes with long life durable products), and,
- Functional equipment at core areas vertical transportation (including stairs, elevators with cabs and durable interior finishes, and access ladders) including at least two (2) hydraulic passenger elevators servicing Tenant's floor installed and operational as designed to operate at 140 FPM. All freight elevators installed and operational as designed including freight vestibules installed as designed per code; and
- Loading dock facilities installed as designed; and,
- Plumbing Water and drainage on each floor (including concealed pipe work, rain water drainage, fire sprinkler systems, landscaping irrigation, Restrooms including, Men's and women's washrooms on each floor in compliance with the Base Building Plans, all applicable laws (including, without limitation, the ADA) and codes and finished with: (i) Ceramic tile or better on floors and wet walls at least up to the height of the wainscot; (ii) other walls and ceilings finished; (ii) Vanities with solid surface counters, cubicles, accessories, fixtures, trim lighting and all mechanical and plumbing services completed; and (iii) Other lighting sufficient for first class washrooms. (iv) One refrigerated drinking fountain per floor, installed in compliance with all applicable laws (including, without limitation, the ADA) and codes.
- A heat pump heating, ventilating, and air conditioning system (including mechanical equipment and duct work in common area ) sufficient to accommodate the proposed occupancy; (a) Access at core to an installed general exhaust system for toilets only. (b) Access on applicable floor to general exhaust system available to serve kitchens and pantries, and computer, reproduction, and conference rooms, and other office equipment normally and customarily requiring special exhaust. and,
- Core Doors. Building Standard core doors for stairwells, electrical, mechanical, janitorial and telephone rooms and washrooms all installed, primed, sanded, dusted, and ready to receive paint or other Lessee finish.. Doors finished and complete with frame, trim, hardware, locking devices, electric door releases and/or magnetic hold-open devices where applicable and closers.
- Electrical backbone system of 3,000 amperes sufficient to distribute power to the mechanical systems, building systems and at least 4.5 watts of electrical power per rentable square foot; and
- Electrical and telecommunications service of sufficient capacity to the building including -
  - All vertical power distribution for the entire building to include:
    - All 480/277 volts panels for lighting.
    - All 208/120 volts panels to support typical office

- computer loads.
    - Power to all HVAC and elevator loads.
  - Code required Stand-by Emergency Power System
  - Code required Fire Pump System if required.
  - HVAC System energy management and controls.
  - All common area general lighting and controls.
  - Basic Telephone service to a Main Communications Room (MCR).
  - Interconnected to the building main grounding bus; and.
- Life safety systems (including wet fire sprinkler system to all building areas and parking garages, and fire alarm system). Lessor has installed, life safety improvements including life safety panel(s) and controls (the cost of which will be paid by Lessor and not included in the Tenant Improvement Allowance) to the extent required by shell and core construction for a temporary certificate of occupancy for the Building. A sprinkler system installed in compliance with code for floors, including main loop connected to core and drops in place with heads installed per code for an unimproved (non-occupied) floor. Fire hose and extinguisher cabinets finished and installed at each stairwell or as required by code for shell and core construction. Exit signs at all stairwells. Smoke detectors on both sides of all doors in all elevator lobbies and all other areas as required by code. Fire extinguishers as required by code for shell and core construction. Fire horns and exit signs as required by code for shell and core construction. Electric door releases and magnetic hold-open devices, as applicable installed for all fire doors. Speakers, cameras and such other life safety equipment as required by code to obtain a final building inspection and/or permanent certificate of occupancy for the Premises, and.
  - Exterior fencing and gating.

**Notes:**

1. The County acknowledges the building's Hirsch system is not compatible with the County's integrated software control package. The fire alarm, intrusion alarm, checkpoint entry and CCTV systems may be capable of interfacing with an integrated software control package supplied and programmed by the County.
2. Tenant Improvements are expected to include:
  - Electrical conduit and wire infrastructure from the 480/277 volts and the 208/120 volts panels for all convenience and special outlets in the modular furniture and hard offices.
  - All conduit and outlet boxes required for the LAC's Low voltage and Telecommunication/Data systems wiring.
  - All line voltage wiring to LAC furnished equipment in the MCR and the IDF rooms in each floor as required by LAC.
  - HVAC system including heat pumps and ductwork
  - Built-in partitions and rooms.
  - Floor coverings.
  - Millwork.
  - Paint & wall coverings.
  - Signage not required by Code.
  - Interior doors and associated hardware including any card readers.
  - Intrusion detection and alarm system at all entry levels; and,

- Check point entry system including power supply at parking entrance, all stairwells on each floor, all elevators, and at least two external entrances; and
  - Public address system throughout the building with a minimum of five zones; and,
  - CCTV coverage in all public areas including parking structure; and,
  - All lighting and electrical distribution; and,
  - All electrical work to support LAC computer loads and LEADER equipment.
4. In addition to Core and Shell and Tenant Improvements provided by the Lessor the County, unless otherwise specified to be Lessor's responsibility, as Lessee will supply the following:
- All telecommunication and data design, wiring, equipment and installation.
  - Panic Alarm System design, wiring, equipment and installation.
  - CCTV cameras only (Installation by Lessor).
  - Checkpoint entry programming, card readers and final hookup at system end (Installation by Lessor).
  - All computer and computer related equipment and installation.
  - All mail room furnishings and equipment.
  - Security equipment and installation except as noted above.
  - All electronic units providing: (Please specify, if any required)

17. General.

(a) To the extent there are improvements to the Base Building in excess of the foregoing, such improvements will remain as part of the Base Building work at no cost to Tenant, and shall be in accordance with the Base Building Plans.

(b) The cost of installing all demising walls (including the corridor wall separating the Premises from the corridor), fire dampers and transfer boots shall be borne by Landlord.

SCHEDULE 2  
BUILDING STANDARD TENANT IMPROVEMENT ITEMS  
[\*To Be Provided By Landlord\*]

All items listed below, except those items which are preceded by an asterisk (\*), may be substituted for items of equal or higher quality at Tenant's election, and Tenant shall receive a credit toward the costs of such substituted items equal to the costs that would have been incurred for the items listed below.